



Department of Environmental Quality

522 S.W. FIFTH AVENUE, BOX 1760, PORTLAND, OREGON 97207 PHONE: (503) 229-5696

October 9, 1984

MEMORANDUM

To: Interested Parties

From: B. J. Smith, Construction Grants Unit *BJS*

Subject: Adopted FY85 Construction Grants Priority List

On August 10, 1984, the Environmental Quality Commission (EQC) approved Oregon's Waste Water Works Construction Grants Priority List for fiscal year 1985, and adopted a new administrative rule 340-53-027, which provided that several projects, now ineligible according to federal law, could retain their eligibility due to the exercise of state discretionary authority. The language in the rule was slightly revised and adopted by the EQC on September 14, 1984. Enclosed is a copy of relevant portions of the staff report, the public hearing record, response to public testimony, the adopted rule, and FY85 list.

The enclosed priority list will govern the distribution of funds during FY85, October 1, 1984 - September 30, 1985. The FY85 appropriation of \$26.7 million is expected to be released for Oregon use this month.

Those projects on the list with a target certification date assigned between October 1984 and September 1985 constitute the FY85 list. Based on the cost estimates available today, we expect grant funds to be available for these projects.

Below the expected fundable projects, a number of others are designated as contingency projects. If additional funds become available or higher ranked projects are unable to proceed, these contingency projects will be offered funding according to priority order. Contingency projects are designated by "CP" in the left margin of the priority list.

In the unlikely case that all contingency projects are funded, the contingency list would be extended to lower projects which submitted planning and design schedules indicating they will be ready to proceed in FY85.

Beginning this year, eligible projects will be funded at a federal share of 55 percent. However, a few projects are expected to continue to receive 75 percent funding if they qualify as grandfathered projects under the federal statute and EPA's regulations. EPA's determination on grandfathered projects is expected very soon; however, until EPA completes a review of revisions requested to the list of grandfathered projects by several grantees, we have included only the initial inventory published earlier this summer. If appropriate, federal share adjustments to increase the estimated grant amounts on the priority list will be made for additional projects that EPA qualifies.

Adopted FY85 Construction Grants Priority
October 9, 1984
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All projects now targeted for funding during FY85 should submit approvable facility plans, plans and specifications, and grant applications according to their planning and design schedules. Designated contingency projects should also be ready to meet their schedules. You may want to review your planning and design schedules to assess whether these dates are achievable for your project and advise us if a change is necessary.

As a general rule, completed draft facility plans should be submitted for our review not later than February 1, 1985, and completed plans and specifications should be submitted not later than June 1.

If you have any questions, please contact me.

BJS:l
WL3743

Enclosure



Environmental Quality Commission

Mailing Address: BOX 1760, PORTLAND, OR 97207

522 SOUTHWEST 5th AVENUE, PORTLAND, OR 97204 PHONE (503) 229-5696

MEMORANDUM

To: Environmental Quality Commission

From: Director

Subject: Agenda Item No. H , August 10, 1984, EQC Meeting

Request for the Commission to (1) Adopt Administrative Rule 340-53-027, Development and Management of the Statewide Sewerage Works Construction Grants Priority List; and (2) Approve the FY85 Construction Grants Priority List

Background

At the April 6, 1984, meeting, the EQC authorized a public hearing on the draft statewide construction grants priority list for FY85 and one proposed administrative rule which would allow the Director to utilize discretionary authority to fund projects that will become ineligible after September 30, 1984. On May 17, 1984, the proposed rule and the draft list were distributed. The list identified potential projects which may be funded during federal FY85 (October 1, 1984, through September 30, 1985).

Federal fiscal year 1985 is the last year federal funds are authorized for the construction grants program, unless Congress extends the program. For fiscal year 1985 (FY85), the President has requested the full authorization, \$2.4 billion nationally, in his budget. If the \$2.4 billion is appropriated by Congress, Oregon will receive approximately \$27.6 million.

The development of the FY85 grant program and list was far more complicated than usual because the character of the construction grants program will change significantly on October 1, 1984, when the Construction Grants Amendments of 1981 take full effect. The amendments were intended to implement federal policy aimed at a gradual reduction in the financial responsibility of the federal government to assist local governments in project construction. These changes include:

1. FEDERAL PARTICIPATION LEVEL IS DECREASED

For FY84, federal assistance levels were at 75 percent of the estimated eligible project costs. In FY85, the percentage decreases to 55 percent for new projects.

2. PROJECTS ELIGIBLE FOR FUNDING ARE DECREASED

For FY84, eligible types of projects included treatment and disposal facilities, interceptor sewers, inflow/infiltration correction, major rehabilitation and replacement of sewers, and correction of combined sewer overflows. In FY85, only treatment and disposal facilities, interceptors, and inflow/infiltration correction are eligible unless the state exercises an option to use up to 20 percent of its allotment for funding ineligible projects.

3. GROWTH CAPACITY IS LIMITED

For FY84, federal assistance for reserve capacity (for growth) in facilities included the 20-year needs for treatment plants and interceptor sewers. In FY85, funding assistance for new projects is limited to the capacity necessary to sewer existing population at the date of grant approval.

4. PLANNING AND DESIGN MONEY IS LIMITED

The elimination of grant assistance for Step 1 (facilities planning) and Step 2 (design) has greatly impacted the FY84 program and FY85 program. This increases the responsibility of potential applicants to fund planning and design work locally in order to qualify for future construction grants.

5. SOME PROJECTS ARE GRANDFATHERED

In FY85 and beyond, Congress has provided for 75 percent grant participation for certain projects which were initially planned and financed, where construction was initiated under the 75 percent grant program.

The Amendments require local governments to assume a greater role in financing and managing the planning and design requirements of a successful construction grant application. For FY84, only 1 percent of the available money has been granted during the first 10 months of the fiscal year. This lack of readiness suggests applicants have not yet made the transition to the remodeled grant program and their larger responsibilities.

In 1983, the EQC adopted OAR 340-53-015(2)(g) and (h), requiring that prospective applicants supply a planning and design schedule one year before being considered for funding, beginning in FY85. The intent of this rule was to clarify the applicant's responsibility for scheduling and accomplishing the scope of work needed to complete a construction grant application. This schedule was to provide a basis for demonstrating an applicant's ability to prepare the necessary plans (generally a 1-2 year endeavor) and finance these costs locally. The schedule was also intended to provide a method to avoid lengthy delays in moving down the priority list past projects which are not ready to proceed.

For FY85, there were no changes in priority rating criteria. A draft priority list, including new projects and project reevaluation results, was distributed. The grant participation levels and estimated grant amounts for many projects on the draft list were expected to change as more detailed project-by-project planning data was developed, and as eligibility determinations become available from EPA. This year the selection of projects for the fundable list was no longer exclusively governed by project priority. As projects were considered in priority order, planning and design schedules--"readiness-to-proceed"--also played a part in compiling the final list.

In accordance with the EQC's authorization for a public hearing, the Department filed a Notice of Proposed Rulemaking with the Secretary of State and sent public hearing notifications to interested parties on May 17, 1984. About 30 people attended the public hearing. A copy of the Hearing Officer's Report and the list of respondents and attendees are appended as Attachments A and B.

Discussion and Evaluation

The recommended FY85 priority list reflects, to the extent known, greater local share costs and new federal eligibility criteria. It also incorporates the use of state discretion, proposed as OAR 340-53-027, to maintain the eligibility of several projects that would otherwise become ineligible for grants after September 30, 1984.

The characteristics of the 1985 priority list reflects the completion of the transition to the 1981 Amendments. Because of the 1-2 year local planning process to prepare an application, local governments recognize that today's policy and decisions have a direct impact on funding decisions for FY85, FY86, and FY87. Over half of the comments received this year regarded project eligibility issues, including the use of state discretion to fund some ineligible projects. These comments result from changes in the program's focus. Testimony also addressed the EQC's role in prioritizing projects to protect groundwater resources and provided suggestions on areas where future modification to priority criteria, such as regulatory emphasis and stream segment points, may be desirable or needed. This discussion is presented in Attachment D. Additionally, many applicants submitted new information and requested review of their priority point scores.

In general, the public discussion focused on the following issues:

1. Eligibility

a. Grandfathered Projects

The interpretation of federal eligibility statutes is still unclear, but is expected to be clarified by the end of September. In particular, individual project determinations by EPA are necessary to implement Sections 202(a)(1) and 202(g) of the 1981 Amendments which:

- (1) Provide a continuation of funding at 75 percent participation for "grandfathered" projects, where the applicant had received an initial grant for construction of one of its phases or segments by October 1, 1984.
- (2) Identify eligible reserve capacities, if any, for projects funded after October 1, 1984.
- (3) Specify the ineligibility of certain project types for funding after September 30, 1984.

Nearly half of the hearing respondents expressed opinions regarding the state's draft inventory of potentially grandfathered projects, and explained why they felt their project qualified for the 75 percent federal grant share. An inventory of grandfathered projects, on which tentative agreement has been reached with U.S. EPA, has now been established and is listed as Attachment D-1. The priority list cost estimates were based on this inventory. EPA will be requested to review all hearing testimony and communicate their final determinations before October 1, 1984. If changes are made to the eligibility of projects, revisions of cost estimates on the Oregon priority list will need to be made.

b. Discretionary Projects

The proposed administrative rule (OAR 340-53-027) was recommended to continue funding consideration of several projects that are presently eligible. They are ineligible after September 30, 1984 due to the 1981 Construction Grant Amendments. The language of the proposed rule has been slightly modified from the draft to clarify this intent.

Federal statute authorizes up to 20 percent of the state's annual allotment to fund ineligible projects at the state's discretion. Each state may elect to utilize or not utilize this discretion, or to define circumstances for its use. The proposed rule generally would not continue to offer funding for ineligible projects forever; it would retain the eligibility for only a limited number of projects that were substantially planned prior to the 1981 Construction Grant Amendments. Under the proposed rule, six such projects are proposed to be retained on the eligible list, with a current estimated grant amount of \$2,947,000, or about 11 percent of a single year's state allotment. The expected schedule for funding these six projects is estimated to be 2 years. The administrative rule does not elevate the priority rating of these projects nor accelerate the funding schedule.

Oregon's share of the national fund appropriation is determined in part by the state's reported eligible needs, therefore, discretionary funding for ineligible projects may annually divert 5-6 percent of the funds from some projects intended to benefit. However, each of the six

projects proposed to benefit from the use of discretionary funds was affected by the EQC's policy decisions in 1981 that they were to be independently prioritized and thus delayed, so that the higher priority treatment works within more communities' sewerage systems could be funded first.

A further eligibility complication is EPA's current definitions of "eligible" and "ineligible" facilities. These distinctions must be made between closely related projects. For example, it is difficult to classify a project as major sewer rehabilitation rather than infiltration/inflow correction when pipe replacement would accomplish both. Major sewer rehabilitation is ineligible; infiltration/inflow correction is eligible. The FY85 list was prepared using the best information now available. Later predesign information may show that the project work listed as partially eligible for a grant may be ineligible or the federal share of the project cost may alter.

Revisions of cost estimates and some minor adjustments to accommodate such changes to the priority list are likely under current regulations.

c. Tentative Cost Estimates

Eligible costs for existing needs can most accurately be estimated after the facilities planning and predesign work is completed. These refined estimates are usually not available until late in the fiscal year. Also, the eligible projects and necessary but ineligible projects of a single construction program may not be clear until facilities planning is completed. Eligible costs shown on the proposed FY85 list, in a predominate number of cases, were estimated rather than calculated from current predesign information.

2. Scheduling

- a. The FY85 priority list was developed on the basis of planning and design schedules required by OAR 340-53-015(2)(g) and (h). This rule recognizes that lower-ranking projects may receive grant funds if they are the only projects ready to proceed during a funding year. Because few schedules were submitted, the Department extended the time period to submit schedules to June 27. Eventually, 28 out of the 175 listed projects demonstrated that they could be ready for a grant during FY85. The fifteen with the highest priority ranking are recommended for the fundable list.

The schedules submitted by the local governments improve planning decisions and allow the Department to move projects up as needed to ensure all funds are utilized during the year. Over time, the early scheduling requirement may promote a better coordination between funding decisions and the construction season.

3. New Project Competition (Groundwater Protection)

Historically, the grants program has largely benefitted areas where treatment facilities exist and information has been available about compliance with surface water quality and operational standards. As groundwater quality data is developed, the trend may alter.

Presently, no federal or state regulations limit the introduction of new projects or control the size or amount of funding for projects on the priority list. As an example, two respondents during the hearing process expressed concern about the long-range grant fund demand of sewerage areas in Multnomah County. The present estimate for projects for this area is about \$27,157,000 in grant funds, up from \$19,256,000 last year. As facilities plans are completed, these costs may be modified. Larger still is the potential for continued reshuffling of priorities as groundwater data becomes available. These new projects may have significant impact on the funding in FY86 and beyond.

The Department presently uses a variety of tools to provide a level of management stability. These include using planning and design schedules, phasing projects to achieve clearly-defined results, and designating "contingency projects" on the list to indicate clearly which projects may move into the fundable range during the year if other projects are delayed. It also appears reasonable to establish the fundable project list based on somewhat less than a full allotment, thus allowing for reasonable cost adjustments on projects where planning is incomplete.

Other potential methods to manage the list are addressed in Attachment D. They include: restricting new entries; delaying for 2 years new projects entering the fundable list; limiting total funds to a geographic area; or expediting the completion of the remaining grandfathered projects. Each of these techniques, however, may produce a priority list that is less reflective of the water quality based priorities.

Summation

1. The EQC must compile and adopt a priority list for allocating federal construction grants for FY85. About \$27.6 million is expected to be available for Oregon.
2. A new administrative rule, OAR 340-53-027, is proposed in order to maintain the eligibility of several projects that would otherwise become ineligible for grant funds after September 30, 1984.
3. The final, recommended FY85 construction grants priority list was developed in accordance with OAR 340-53-005 et seq. the proposed rule, and tentative determinations of project eligibility provided by U.S. EPA. Selection of projects for the fundable list were based on priority ranking, work schedules submitted by potential applicants, and the state's estimate of funds available.

4. Reevaluations of priority ratings were considered where water quality and public health impact documentation was submitted prior to June 27, 1984.
5. Responses from the public involvement process were directed to (1) eligibility criteria and management of the program and (2) requests for reconsideration of project priorities. Many respondents disagreed with the impacts new federal eligibility criteria will have on their projects. EPA's determination is requested on the eligibility issues. Of the respondents commenting on the proposed rule OAR 340-53-027, most supported it.
6. Eligible costs which appear on the recommended FY85 priority list may change based on final EPA determinations with respect to grandfathered projects, project types, and allowable reserve capacity.

Director's Recommendation

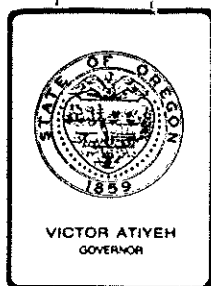
Based on the Summation, the Director recommends that the Commission adopt OAR 340-53-027 regarding the development and management of the priority list and the FY85 Construction Grants Priority List.

Fred Hansen

Attachments: 13

- A Hearing Officer Report
- B Record of Written Testimony
 - (1) Attendance List
- C List of Planning and Design Schedule Submittals
- D Summary, Evaluation and Response to Testimony
 - (1) Inventory of Potentially Grandfathered Projects
 - (2) Letter of June 13, 1984, to Metropolitan Wastewater Management Commission regarding Sewer Rehabilitation
 - (3) List of Ineligible Projects Affected by the Use of Discretionary Authority
- E Priority System & Criteria Rules
- F OAR 340-53-027, as Revised
 - (1) Statement of Need for Rulemaking
- G Technical Corrections to the FY85 Priority List
- H FY85 Points Calculation List, as Revised
- I FY85 Proposed Priority List, as Revised

B. J. Smith:l
WL3502
229-5415
July 26, 1984



Environmental Quality Commission

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522 SOUTHWEST 5th AVENUE, PORTLAND, OR 97204 PHONE (503) 229-5696

MEMORANDUM

To: Environmental Quality Commission

From: B. J. Smith, Hearing Officer

Subject: Public Hearing on (1) New Administrative Rule 340-53-027 Proposed for Development and Management of the Statewide Sewerage Works Construction Grants Priority List and (2) the Draft FY85 Construction Grants Priority List

A public hearing on the referenced subjects was held at the Department of Environmental Quality offices in Portland beginning at 10 a.m. on June 20, 1984. The hearing was preceded by public notice given to all interested parties on May 17, 1984. Publication was made in the Secretary of State's Bulletin on May 15, 1984.

1. A summary of the issues was presented by the Hearing Officer.
2. The Hearing Officer reminded those present that the hearing record will close at 5 p.m. June 27, 1984, and that the priority system and list is scheduled for action by the Environmental Quality Commission at its August 10, 1984, meeting in Pendleton.

The following summarizes the public testimony. Copies of the written testimony and a tape recording of verbal testimony are available at the DEQ office, Water Quality Division.

1. Elvern Hall, Mayor, City of Newberg (Letter of June 6, 1984)

Mr. Hall presented a summary of the inadequacies of Newberg's sewerage system. Treatment plant structural damage has resulted from unstable geology. The plant has a routine history of failure and bypassing, particularly in winter. Frequent bypasses occur at the Hess Creek and 8th Street pump stations. Mr. Hall stressed that at least six other frequent bypasses are to the Willamette River or to Hess Creek. These latter are near a boat landing used by about 75,000 person days per year.

The city has a high population growth rate, 4.7 percent per year during 1960-1980. The city desires to attract new industry, but its inadequate treatment plant discourages industrial development.

In the last few years the city has attempted to solve its sewer problems by spending nearly a million dollars to correct infiltration/inflow problems. It has built the Hess Creek and Morton Street interceptors, and reconstructed the 8th Street pump station. These projects were all locally funded.

Newberg's citizens demonstrated their commitment to a "clean environment" by passing a \$9.1 million bond issue in May, despite the fact that the city of Newberg is one of the highest taxed areas in the state. It is the city's goal to improve water quality in the Willamette River and local tributaries as soon as possible, and urged that state and federal government share this commitment.

The city hopes to initiate its program for \$19 million of improvements at the 75 percent grant funding level. Multiple construction contracts will be used. The program includes an innovative/ alternative design for mechanical composting of raw sludge, which should be taken into account in considering the funding for Newberg during FY84.

Mr. Hall encouraged the Department of Environmental Quality and the Environmental Quality Commission to approve funding with FY84 funds to the maximum extent possible, to grandfather the remaining project segments in FY85 at 75 percent funding and to adopt the planned reserve for innovative/alternative projects.

2. Mike Warren, City Manager, City of Newberg

Mr. Warren emphasized the commitment made by the city's citizens in passing the \$9.1 million bond. He noted the hardship these costs will place upon the community and compared these to potential costs for other communities.

Mr. Warren requested that DEQ bring to EPA's attention the city's efforts, community support, and the dire need for funding in FY84. He urged the maximum assistance in FY84 at 75 percent funding, even if later segments must be funded at 55 percent. However, Mr. Warren requested that the entire Newberg project be grandfathered at 75 percent.

3. Bob Sanders, Public Works Director, City of Newberg
(Letter of June 25, 1984)

Mr. Sanders requested that the 8th Street force main, now shown as number 49 on the priority list, be grouped with other Newberg components at number 12. Since the 8th Street pump station was expanded in 1980, the downstream force main and interceptor are the system's bottlenecks. The 8th Street pump station is one of three major bypasses in the city's system. Frequently, the pump station is shut down during storms and bypasses occur directly into Chehalem Creek. This stream has the lowest ratio of streamflow to bypasses and its neighbors complain about odor and debris in the creek. A petition and other correspondence documenting the concerns of local citizens regarding the 8th Street pump station problem was provided.

Mr. Sanders cited the DEQ requirement in their National Pollutant Discharge Elimination System permit, issued January 1, 1984, to eliminate all major bypasses. This project is an integral part of the city's facility plan for these improvements.

4. Richard O. Miller, Manager, Bear Creek Valley Sanitary Authority
(Letters of May 23, June 20, and June 22, 1984)

Mr. Miller objected to the proposed lower priority for the Whetstone project and proposed that the letter class be reestablished as a 'B' rather than a 'C'. Also, he requested that the population estimates be revised from 1404 to 2000. He questioned why such close scrutiny was given to this project, and contended that DEQ had misconstrued sampling data recently submitted by the Authority. Sampling of wells, subsurface disposal systems, and roadside ditches indicated no surface water contamination in Whetstone Creek according to the Department. However, this sampling, completed as part of the 1984 205-j project, was not intended to indicate surface water quality in Whetstone Creek. The 1980 and 1981 water quality samples were relied upon to demonstrate the surface water degradation.

The Whetstone project is the last segment of the regional system started in 1970 and is needed to make the regional interceptor system operational and serve its intended purpose. Mr. Miller urged that the Whetstone project be given grandfather status and receive 75 percent funding, including the share for future capacity, as had earlier portions of the interceptor system. Approval of the original facilities plan had already occurred prior to starting construction on earlier facilities.

Mr. Miller opposed the proposed rule which would allow the state to utilize up to 20 percent of its allotted funds for ineligible projects, emphasizing that many areas do not have sewers at all.

Mr. Miller strongly objected to the entry of the Gresham and Portland projects on the priority list at this late date because of the devastating effect on other projects that have been on the list for years and are just reaching the fundable area. Over the years, Metropolitan Wastewater Management Commission, Bend, Tri Cities, and Portland projects have taken an inordinate amount of grant funds, probably over the objection of most local governments. The Environmental Quality Commission should reconsider its direction to Portland and Gresham and evaluate its effect on other communities.

5. John Crockett, City of Astoria

Mr. Crockett supported the priority system and urged that the Department not deviate to any great extent from the proposed list. He noted that Astoria has the local share of funding for the Willamsport Interceptor. The design has been completed. After it is updated, bids will be taken.

6. John Lang, Administrator, Bureau of Environmental Services, City of Portland (Statement of June 20, 1984)

Mr. Lang stated that the Mid-Multnomah County area has been described as one of the largest urbanized unsewered areas in the nation. The absence of sewers is causing groundwater contamination and is raising serious concerns regarding the safety of drinking water. An excess of 11 million gallons per day of raw sewage is disposed of primarily through cesspools. Sewer service is planned under the city's plans to the 30,000 residents in the Inverness Basin and the 82,000 residents in the Johnson Creek Basin. The City of Portland has contracted to construct several projects in the Inverness Basin for the Central County Service District (Multnomah County).

The groundwater pollution from the unsewered area concerns the Environmental Quality Commission and the County Health Officer. As ordered by the Environmental Quality Commission, a sewer facilities plan, accompanied by findings of a threat to drinking water will be submitted next week (June 25-29). Hearings to determine if a threat to drinking water exists and whether Portland's plan is adequate to deal with it are anticipated in September or soon afterward.

The S.E. Relieving Interceptor, ranked number 41 on the draft priority list, would serve an existing population of 65,000 throughout areas in the Johnson Creek Basin. Mr. Lang requested that the priority of the S.E. Relieving Interceptors, Phases 3 and 4, be changed from 'C' to 'B' to more accurately reflect that the purpose of the facility is to prevent groundwater pollution. The Johnson Creek Basin cannot be served without this interceptor.

Mr. Lang requested that the Johnson Creek, S.E. 111th Avenue Interceptor be added to the priority list at a letter class 'B'. This interceptor is the primary sewage transportation system extending into the Johnson Creek area.

Mr. Lang noted that the 122 Avenue Interceptor and the Cherry Park Interceptor are necessary to extend service into the Inverness Basin. He supported the ranking of these projects.

Mr. Lang requested that the Columbia Boulevard Relieving Interceptor (number 39) be removed from the list since it is no longer required according to current facilities plans.

7. William Guenzler, Maintenance Engineer, City of Eugene

Mr. Guenzler supported Eugene's River Road/Santa Clara projects which are scheduled for funding this year (FY84). It is part of the Eugene-Springfield regional system, documented in the EPA-approved 1978 facilities plan, and was included in the capacity of the regional treatment plant and the West Eugene Force Main. Within this facilities plan framework,

the remaining planning issues for River Road/Santa Clara are expected to be resolved and a Finding of No Significant Impact issued before September 30, 1984. He requested that the project, if not funded this year, be grandfathered in FY85 and that the cost of growth capacity be included in that grant. He asked that DEQ learn if these projects are eligible to be grandfathered, and discussed federal regulations under which the project should be grandfathered.

He included letters from Senators Packwood and Hatfield to Senators Stafford and Chafee, requesting that the Senate Environment and Public Works Committee clarify the intent of the grandfather provisions of the law.

He urged that Oregon retain the flexibility to fund certain projects at 75 percent rather than exercising the option of uniformly reducing the grant share after October 1, 1985.

Mr. Guenzler commented on the procedure DEQ used in listing the Portland and Gresham projects on the draft FY85 list. He contended that the public did not have adequate opportunity to comment on these projects. Because of the high cost of these projects, he felt he needed additional information about them.

8. Bill Cameron, Public Works Director, City of Gresham
(Letter of June 27, 1984)

Mr. Cameron requested funding for the city's waste water treatment plant expansion. A facility plan and preliminary findings of a threat to drinking water have been adopted by the city, as ordered by the Environmental Quality Commission. About 2.4 million gallons of waste water in the basin is going into the groundwater at the present time. He felt this fact should improve Gresham's project letter class from a 'C' to a 'B'. He noted that the treatment plant has no capacity to connect the 17,700 residents presently unsewered in the Gresham basin. Because of lack of treatment capacity, the collection system cannot be extended. If the Environmental Quality Commission adopts findings of a threat to drinking water, and orders sewer construction, federal grant assistance will be needed to expand the treatment plant so that the unsewered areas can be served.

Information on reserve capacity at the plant and the extension of interceptors was provided. The existing reserve capacity at the Gresham treatment facility was funded through the creation of two local improvement districts (L.I.D.'s) in 1978, in anticipation of federal funds to complete the expansion during 1983-85. The city calculated that of the 4 million gallons per day added plant capacity, that 2.25 million gallons per day would be reserved for commitments made to L.I.D. participants, and for growth.

New agreements were negotiated with the cities of Fairview and Wood Village, whereby these cities purchased additional treatment capacity. About 0.6 million gallons per day capacity remained for connecting properties within the city that were creating a health hazard certified by the County Sanitarian, and had made necessary the agreements with the city. Of the 0.6 MGD capacity, 0.4 MGD was purchased by owners of two industrial property areas. Preliminary engineering reports, intermunicipal sewer service agreements, and relevant city sewer service policies were provided. In conclusion, although some present capacity exists at the Gresham plant, an expansion is needed to serve the unsewered areas which are creating the threat to drinking water.

Mr. Cameron also requested that several trunkline projects in the affected areas be added to the priority list. These consist of five major trunk lines, costing approximately \$2.4 million, with construction expected to begin in FY86.

The interceptor extension areas were identified and existing populations which could be served, present sewer flows and construction dates were provided for the nine areas to be served by five interceptors.

He also requested that a revision to the priority criteria for regulatory emphasis and the city's priority score be increased. A point score of 130 is requested for areas where the EQC finds a threat to drinking water. Regulatory emphasis of 130 points should be given to the treatment plant because it is beyond the "potential for regulatory action" which is the basis for the 90 points awarded it.

9. William Sobolewski, U.S. EPA. Oregon Operations Office
(Memorandum of June 20, 1984)

Mr. Sobolewski stated that U.S. EPA had reviewed the draft list. He noted that three major sewer rehabilitation projects for Tri City Sanitary District, Roseburg, and Metropolitan Wastewater Management Commission do not qualify as grandfathered projects because they become ineligible after September 30, 1984. Therefore, they could only be funded under the state's discretionary authority. DEQ's June 13 letter to the three applicants notified them.

10. Larry Lehman, City Manager, City of Seaside

Mr. Lehman noted that Seaside has been on the list for a number of years and is finally getting near the top. He urged that no changes in the list be made which would affect the city's efforts.

11. Steve Downs, Westech Engineering, representing the City of Tangent
(Letter of June 19, 1984)

Mr. Downs requested regulatory emphasis points of 130 and a letter class 'B'. The property currently is rated as a letter class 'C'.

Downs submitted information to document the city's reprioritization request including (1) Linn County Environmental Health Department 1982 survey which confirmed a 35 percent areawide septic system failure rate, with a 45 percent failure rate in the southern core area; (2) results of surface water samples collected in January and May of 1984 during various flow conditions; (3) the public access to North Lake Creek; and (4) an EQC November 1983 Stipulation and Final Order which requires the construction of sewerage facilities by 1986 to avoid human health hazards.

The priority number 73 ranking appears to be inconsistent with the EQC order. He contended that the priority should be raised or the Department should reevaluate the regulatory burden it has imposed on the city. He felt the EQC order and the county health hazard findings justify 130 regulatory emphasis points.

12. Al Peroutka, Metropolitan Wastewater Management Commission

Mr. Peroutka noted that three MWMC projects appear on the draft FY85 priority list: Phase 7 of the STP, (scheduled for funding in FY84); Phase 2 Sludge; and Phase 2 Springfield Rehabilitation. The latter projects are scheduled for FY86 or beyond.

MWMC agreed with the grandfathering of Phase 2 Sludge because it was included in facilities planning and is a sequential and essential phase of the regional treatment works. An Environmental Impact Statement was completed and it appears the EPA will approve funding for the project in the future. However, MWMC also believes that the Springfield project should be grandfathered since it is an infiltration/inflow correction project, not major sewer rehabilitation. The project was derived from an approved sewer system evaluation survey which recommended cost-effective I/I removal. This was part of the basis for sizing other regional facilities. He noted that a June 13, 1984, letter from DEQ advised MWMC that the project could not be grandfathered if it was for major sewer rehabilitation.

Mr. Peroutka also questioned whether the project was correctly ranked, noting that the project is an integral part of the total MWMC treatment works and that failure to eliminate extraneous flow is expected to result in hydraulic overloading of the system and potential sewage bypassing.

13. David J. Abraham, Utilities Division Director, representing Tri City Service District

Mr. Abraham requested that DEQ correct an inconsistency in its handling of the Tri City Service District program, specifically the abandonment of West Linn's STP and construction of the Kellogg STP sludge digesters.

Regarding the abandonment of the West Linn Willamette plant, DEQ required that a regional solution be considered for the Tri City area and had approved a regional solution in the 1978 facilities plan after imposing

a building moratorium in Oregon City and Gladstone. A condition was included in the National Pollutant Disposal Elimination System permit that each of the three plants, including the Willamette plant, be abandoned when the regional system is available.

Mr. Abraham contended that DEQ lowering the priority of some Tri City project segments on the FY83 priority list was not consistent with the requirement for a regional solution. The "fragmentation" of the regional program will result in the misuse of public funds because the cost of operating two plants is much greater than the cost to operate one. He noted that this policy will cause the West Linn plant to be left in operation indefinitely. He said the practice of providing lower priority for portions of the system violates a commitment to the public on how their approved bond funds are to be spent and emphasized that a heavy tax burden is already imposed on the area. The District has committed to separate the combined storm and sanitary sewers at local expense.

Mr. Abraham contended that any project identified with letter class 'C' on current and future priority lists would never be funded under the grants program. He based his assumption on the effect that significant amounts of grant funds would be diverted to sewers in Mid East Multnomah County.

Mr. Abraham requested that all Tri City project phases and segments be established at class 'B' priority ranking. All phases of the project should be grandfathered at 75 percent funding.

14. Joe A. Schwarm, Public Works Director, City of Coos Bay (Letter of June 27, 1984)

The city expects to begin work on a waste water facilities plan during August 1984, after selecting a consultant. The tentative schedule for plan completion and submittal to DEQ would be in time for grant funding during FY86-87.

15. Ron Stillmaker, Public Works Director, City of North Bend (Letter of June 26, 1984)

The city supports the draft priority list and strongly supports the adoption of OAR 340-53-025, which would provide discretionary funds for the elimination of the city's combined sewer overflows.

16. Dave Wright, City Engineer, City of Grants Pass (Letter of June 26, 1984)

The city completed a draft facilities plan with a summary table of recommended improvements. The construction of sludge lagoons to provide a reliable winter storage capability is scheduled for 1987. He requested a high priority for the sludge lagoons. He emphasized that wet weather bypasses to the Rogue River will be corrected by proposed construction of an influent pump station and primary sedimentation improvements, and several interceptors.

17. Stephen Downs, Westech Engineering, representing Monroe (Letter of May 7, 1984)

Benton County officials are concerned about public health problems due to failing subsurface septic systems adjacent to the North Monroe health hazard annexation area. The area of concern is partially within the city limits, and includes at least 6 failing systems in the Toedtemeier property area. The city requests that some of the unspent grant funds previously awarded to the city be authorized for construction to correct these problems.

18. Richard Swenson, Supervising Sanitarian, Health Department, Benton County (Letters of February 27 and May 17, 1984)

The county submitted a survey of land uses in the North Albany area along with sampling results from wells and groundwater sources. Water was tested for nitrates and coliform. This information should be included in the project reevaluation underway by DEQ.

19. Edward Branchfield, Member, Board of Directors, Carmel-Foulweather Sanitary District (Letter of June 11, 1984)

The District submitted a letter from the Lincoln County Environmental Manager which identifies a problem with soils capability and perched water tables which affect subsurface disposal systems in the Otter Rock area. Two ditches have sewage odors.

The District is concerned about the feasibility of assessing and taxing local property owners for the entire cost of a sewage system. A large number of tourists, combined with a large percentage of retired residents on fixed incomes, compound the problem. Assistance is requested to examine the extent of the disposal problem and to learn what financing possibilities exist.

20. F. Duane Lee, Lee Engineering Inc., representing the LaPine Sanitary District (Letter of May 15, 1984)

Information was provided regarding the District formation, its boundaries, the potential service area, and some preliminary cost estimates. A facility plan will be initiated in June or July.

21. Kay Nelson, Member, Board of Directors, LaPine Sanitary District (Letter of January 19, 1984)

The District was ordered by the EQC to complete a facilities plan by January 1, 1985, and install a sewer system in the core area by January 1, 1987. The plan is estimated to cost \$50,000 - \$60,000. The District's chances of financing the facilities plan are almost zero. The District requested financial assistance for the facilities planning work.

22. Rosalind A. Daniels, Assistant Director of Public Works, City of Salem
(Letter of June 25, 1984)

The city estimated that the Pringle Creek relief sewer would be ready for funding in FY86.

23. Donna J. Rush, City Recorder, City of Huntington (Letter of June 26, 1984)

The city objected to the deletion of their project to control excessive flows. The city has problems with infiltration/inflow and with its sewage treatment plant. Due to the seriousness of these problems, they do not understand why their project has been classified as ineligible for FY85. They request that the eligibility and priority for the sewer system be reestablished.

24. J. Michael Hoehn, Manager, Roseburg Urban Sanitary Authority
(Letters of June 22 and June 25, 1984)

The Authority estimated that all requirements for a grant would be completed during FY86 for the Roseburg rehabilitation project.

Mr. Hoehn agreed with the use of the grandfather status to prevent drastic modifications in local funding programs, especially where 75 percent grant eligibility was assumed in earlier planning. However, all such projects should not be grandfathered. Grandfathering is appropriate for any project which has been completed through design at 75 percent grant; to do otherwise, violates the understandings under which the applicant entered the grant program.

The types of projects and level of funding provided under discretionary eligibility should be the choice of the state; EPA should not put conditions on the use of discretionary funds. He favored the proposed administrative rule but asked that benefited projects should be dropped from eligibility if they fail to make reasonable progress.

The priority rating criteria should require that any community with the financial capability to construct a project totally with local funds should do so.

25. Sandra Diedrich, Director, Coos-Curry Council of Governments
(Letter of June 26, 1984)

The Council stated that there is strong local support for all Coos-Curry area projects on the draft FY85 priority list and requested that the DEQ provide whatever assistance it can to help communities, such as Charleston Sanitary District, that are not eligible for a grant.

Grandfather status should be extended to all possible projects. The grandfather eligibility should be at 75 percent federal grant, with funding for reserve capacity.

The proposed administrative rule should be adopted to allow discretionary funding for major rehabilitation of sewer systems and for elimination of combined sewer overflows.

The Council also commended the Department for the quality of its management and communication regarding the grants program.

26. B. G. Schwan, Vitro Engineering Corp., representing City of Irrigon
(Letter of June 26, 1984)

The city estimated a ready-to-proceed date of FY86.

27. David J. Abraham, Utilities Director, Clackamas County, representing Service District 1 (Letter of June 27, 1984)

The county requested that the Kellogg treatment plant digesters be listed at the highest priority ranking given the Tri City Service District project. Since 1974, the Kellogg plant's sludge has been hauled to the City of Portland's Columbia Boulevard treatment plant for disposal on an interim basis. The Columbia Region Association of Governments 208 study, adopted by DEQ and EPA in 1978, recommended that a regional sludge disposal solution be adopted for the Kellogg, Oak Lodge and Tri City Service District plants.

The hauling of five truckloads of sludge a day and six days a week from the Kellogg plant to the Portland plant creates a potential health hazard. If trucking raw sludge is considered an acceptable method of disposal, it should be an alternative considered in all future plant construction.

Funding for the Kellogg digesters is warranted because (1) Portland obtained second-round grant funding for their digesters; (2) the facilities plan calls for construction at Kellogg, and (3) the District is operating with an interim solution.

28. Michael J. Kelly, Metropolitan Wastewater Management Commission
(Letter of June 25, 1984)

MWMC indicated that the remaining segments of their system, Phase 2 of Sludge Disposal and Phase 2 of Springfield rehabilitation, should be funded at 75 percent grant participation since other segments of the project received 75 percent funding. These works are integral to and necessary components of the total MWMC project outlined in the 208 plan. The grandfathering of these segments at 75 percent (including reserve capacity) is supported. DEQ's "Inventory of Potentially Grandfathered Projects" includes grandfathering for the Phase 2 Sludge Disposal project.

MWMC received the June 13, 1984, letter from the Department which amended the inventory of potentially grandfathered projects by deleting the Phase 2 Springfield rehabilitation project from consideration. The MWMC concluded that the project has been incorrectly classified as major

rehabilitation needs (category IIIB), since the project is for infiltration and inflow correction project (category IIIA). The I/I project is justified through a cost-effectiveness analysis which compares the cost of transport and treatment to correction of flows. A history of plan approvals and sewer system evaluation survey documentation was submitted.

MWMC requested the reclassification of the Springfield project as category IIIA, for infiltration/inflow correction, and inclusion of the project on the inventory. The project includes sealing sewer line joints and cracks, pipe replacement, and other work designed to eliminate excessive flows.

Also, MWMC questioned whether the project was correctly ranked on the FY85 priority list since it was incorrectly classified. The project is integral to the hydraulic design decisions made for the East Bank interceptor, the Willakenzie Pump Station, and the Regional treatment plant. Potential bypassing of untreated sewage could result if these systems are overloaded.

MWMC opposed the adoption of a uniform federal share of 55 percent or less after October 1, 1985. This level of federal participation has historically been inadequate to assist communities to fund water pollution control projects. The impact will be especially felt in smaller communities that do not have the bonding capacity for increased local share costs or in communities which have existing programs financed on the assumption of 75 percent federal participation.

29. C. H. Steketee, Westech Engineering, Inc., representing City of Philomath
(Letter of June 22, 1984)

Mr. Steketee described raw sewage bypasses which occur to the St. Marys River and its tributaries during rainy weather. He referred to the city's recent water and sewer report and indicated that portions of the needed improvements will be funded through the Community Development Block Grant program. EPA funds will be sought for the Newton Creek trunk sewer, the Newton Creek lift station, force mains and stabilization ponds, at an estimated cost of \$1,264,000.

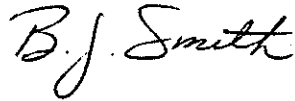
30. Lyman Houck, City Administrator, City of Philomath (Letter of June 25, 1984)

The city has made important progress since last year. The city improved operations of its treatment plant so that flows are treated and bypassing is reduced. A draft sanitary sewer facilities plan has been prepared. A grant from the Community Development Block Grant program awarded to the city assisted in the rehabilitation of the sewer system. A citizens committee was formed to advocate needed improvements for water and sewers.

However, on February 27, 1984, DEQ ordered that Newton Creek be posted to indicate the water is contaminated from raw sewage. This action may justify a public health hazard (letter class 'A') or at least letter class 'B', due to the frequency of bypassing to the St. Marys River.

31. Bill Rutherford, Oregon State Treasurer (Letter of June 29, 1984)

Mr. Rutherford supported the City of Newberg's efforts to apply for FY84 federal grant funding and requested that the EQC recognize the important innovative/alternative technological aspects of the project. He asked that portions of the project which may be funded in FY85 be grandfathered.



B. J. Smith
Hearing Officer

Attachments

B. J. Smith:1
229-5415
WL3503
July 26, 1984

RECORD OF WRITTEN TESTIMONY

1. Letter of January 19, 1984, from Kay Nelson, Board Member, La Pine Sanitary District
2. Letter of May 7, 1984, from Stephen Downs, Westech Engineering, representing City of Monroe
3. Letter of May 15, 1984, from F. Duane Lee, Lee Engineering, Inc., representing La Pine Sanitary District
4. Letters of May 23, June 20, and June 22, 1984, from Richard O. Miller, Manager, Bear Creek Valley Sanitary District
5. Letter of June 6, 1984, from Elvern Hall, Major, City of Newberg
6. Letter of June 6, 1984, from William Guenzler, Maintenance Engineer, City of Eugene
7. Letter of June 11, 1984, from Edward Branchfield, Board Member, Carmel-Foulweather Sanitary District
8. Letter of June 19, 1984, from Stephen Downs, Westech Engineering, representing City of Tangent
9. Testimony of June 20, 1984, from John Lang, Sewage System Administrator, Portland Bureau of Environmental Services
10. Memorandum of June 20, 1984, from William Sobolewski, Coordinator of the Water Quality Program, Oregon Operations Office, U.S. Environmental Protection Agency
11. Testimony of June 20, 1984, from David J. Abraham, Director of Utilities Division, Clackamas County
12. Letter of June 22, 1984, from C. H. Steketee, Westech Engineering, Inc., representing City of Philomath
13. Letter of June 25, 1984, from Rosalind A. Daniels, Assistant Director of Public Works, City of Salem
14. Letter of June 25, 1984, from Robert Sanders, Director of Public Works, City of Newberg
15. Letter of June 25, 1984, from J. Michael Hoehn, Manager, Roseburg Urban Sanitary Authority
16. Letter of June 25, 1984, from Michael A. Kelly, Executive Officer, Metropolitan Wastewater Management Commission
17. Letter of June 25, 1984, from R. Lyman Houck, City Administrator, City of Philomath

Written Testimony

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18. Letter of June 26, 1984, from Ron Stillmaker, Director of Public Works, City of North Bend
19. Letter of June 26, 1984, from Dave Wright, City Engineer, City of Grants Pass
20. Letter of June 26, 1984, from Sandra Diedrich, Director of Coos-Curry Council of Governments
21. Letter of June 26, 1984, from Donna J. Rush, City Recorder, City of Huntington
22. Letter of June 27, 1984, from David J. Abraham, Director of Utilities, Clackamas County
23. Letters (2) of June 27, 1984, from William E. Cameron, Director of Public Works, City of Gresham
24. Letter of June 27, 1984, from Joe A. Schwarm, Director of Public Works, City of Coos Bay
25. Letter of June 29, 1984, from Bill Rutherford, Oregon State Treasurer

BJS:1

WL3505

7/16/84

ATTENDANCE LIST
FY85 CONSTRUCTION GRANT PRIORITY LIST HEARING
ROOM 1400
YEON BLDG
PORTLAND, OREGON

June 20, 1984

NAME	REPRESENTING
Bob Sanders	City of Newberg
Dick Miller	Bear Creek Valley Sanitary Authority
Larry Lehman	City of Seaside
C.J. Sullivan	Hoodland Chamber of Commerce
James Herry	Rhododendron
Bill Cameron	City of Gresham
Elvern Hall	City of Newberg
Bill Sobolewski	U.S. Environmental Protection Agency
Michial Hoehn	Roseburg Urban Sanitary Authority
Lisa M.K. Bartholomew	Dillingham Construction
Allen Boyce	City of Gresham
John Lang	City of Portland
Dave Gooley	City of Portland
Bill Guenzler	City of Eugene
Larry Godsey	Rhododendron
Lyman Houk	City of Philomath
Steve Downs	Westech Engineering, City of Talent
David Abraham	Clackamas County
George Jessie	City of Eugene
Al Peroutka	Metropolitan Wastewater Management Commission
Dale Cannon	CH2 M-Hill Engineers
Chuck Zickefoose	Brown and Caldwell Engineers
Mike Warren	City of Newberg

WT141
July 27, 1984

LIST OF PLANNING AND DESIGN SCHEDULE SUBMITTALS

In accordance with OAR 340-53-015(2)(g) and (h), these schedules were used, along with priority ranking, to establish the FY85 list of fundable projects. Not all projects supplying a schedule are expected to apply for a FY85 grant, due to the amount of funds available.

1. City of Eugene/River Road-Santa Clara
2. La Pine Sanitary District
3. City of Tangent
4. Bear Creek Valley Sanitary Authority
Whetstone
5. City of Newberg
STP
Flow Equal.
Sludge Comp.
Hess Creek Int. Ext.
12th St. Int.
8th St. Force Main
6. Roseburg Urban Sanitary Authority (Sewer Rehabilitation)
7. Metropolitan Wastewater Management Commission
STP P7
Sludge P2
Springfield Rehabilitation Phase 2
8. City of Philomath
9. City of Salem
10. City of North Bend
11. City of Gresham (STP)
12. Clackamas County Service District 1
Kellogg STP
Rhododendron
13. Tri-City Service District
Oregon City Interceptor
River Crossing
Outfall
River St. Force Main
Willamette IA
Willamette II
River Street Pump Station
Bolton Force Main
Willamette IB
Gladstone Pump Station
Bolton Pump Station
Gladstone Force Main
Gladstone Interceptor
Abernethy Interceptor
Newell Interceptor
Willamette Pump Station
West Linn Force Main
Sewer Rehabilitation

Planning and Design Schedules
Page 2

14. City of Irrigon
15. City of Scappoose
16. City of Falls City
17. City of Portland
S.E. Relief Sewer P3, P4
S.E. 111th Avenue Int.
18. City of Estacada
STP
Infiltration/Inflow Correction
19. City of Astoria
20. City of Gresham
Stark St. Trunk: 181st to 165th Ave.
Glisan St. Trunk: 188th to 199th
175th/176th Ave. Trunk: Stark to Division
182nd Ave. Trunk: N.W. 1st to Stark
Division St. Trunk: 176th to 193rd
21. Multnomah Central County Service District #3
Cherry Park Int.
N.E. 122nd Ave. Int.

BJS:l
WL3504
7/26/84

SUMMARY, EVALUATION, AND RESPONSE TO TESTIMONY

The following three sections present summaries and responses to relevant public hearing testimony on the proposed administrative rule for development and management of the priority list, the draft FY85 priority list and the priority criteria. A summary of the June 20, 1984, public hearing and the record of testimony appears as Attachments A and B. Copies of written testimony are available in the files of the Environmental Quality Commission and the Water Quality Division.

The summaries and responses to the testimony are organized as follows:

1. Testimony Related to Rules Governing the Development and Management of the Priority System and List;
2. Testimony Related to the Priority Criteria;
3. Testimony Related to the Individual Project and Segment Classification and Ranking on the Draft FY85 Priority List.

1. Testimony Related to Rules Governing the Development and Management of Priority System and List

- a. Eleven respondents commented on the draft Inventory of Potentially grandfathered projects or on the interpretation of regulations defining benefited projects. The draft inventory listed thirteen potentially grandfathered projects. The respondents (three communities) commented on nine of these projects. Three applicants requested that projects for BCVSA Whetstone, Eugene River Road/Santa Clara, and Newberg be added to the inventory.

Several respondents requested clarification on whether reserve capacity is grandfathered, the types of projects that qualify, and whether projects may qualify if they become ineligible after September 30, 1984, as a result of federal statute but are considered for state discretionary funding.

Two of the respondents suggested that the remaining segments of a regional system should be grandfathered if construction was substantially funded with 75 percent grants. One of the respondents suggested that construction projects should be grandfathered at 75 percent funding if design was completed under the 75 percent grant program. One respondent suggested that "all possible" projects should be grandfathered.

Mr. William Sobolewski of the U.S. Environmental Protection Agency commented that specifying major sewer rehabilitation/replacement projects could not be grandfathered after October 1, 1985. 40 CFR Part 35.2152 of U.S. Environmental Protection Agency's regulations state, in part:

"(a)... the Federal share shall be:

- (2) 55 percent for grant assistance awarded after September 30, 1984, except...
- (3) ...75 percent for grant assistance awarded after September 30, 1984, for sequential phases or segments of a primary, secondary, or advanced treatment facility or its interceptors or infiltration/inflow..."

The Metropolitan Wastewater Management Commission responded with a request to reconsider the classification of their project, specifying that it was an infiltration/inflow correction project, rather than sewer rehabilitation, and provided documentation to support its request for reconsideration. Tri City Service District commented that all remaining segments of its system are appropriate grandfather candidates. The Roseburg Urban Sanitary Authority commented that all projects that received Step 2 (design) grants at 75 percent grants should continue to receive 75 percent grants for construction.

Response

A revised Inventory of Potentially Grandfathered Projects is included as Attachment D-1. Several funding estimates on the recommended FY85 priority list were altered. These coincide with the U.S. EPA's preliminary determinations on grandfathered projects.

On June 13, 1984, DEQ had informed three applicants that sewer rehabilitation projects for Roseburg, the Tri City Service District, and the Metropolitan Wastewater Management Commission were deleted from the draft Inventory of Potentially Grandfathered Projects. (Attachment D-2.) Developed at the request of U.S. EPA, the Inventory is intended to advise potential applicants of expected funding implications for FY85. EPA is expected to make final determination on projects eligible for grandfather status by early August. Facilities plans for all qualifying projects must be approved by September 30, 1984.

The Inventory now contains only treatment plants, interceptors, and infiltration/inflow corrections. Project types such as major sewer rehabilitation or replacement or combined sewer overflow correction, which become federally ineligible project types after October 1, 1985, are not grandfathered, regardless of whether the states elect to use discretion to fund those types of projects.

Although the inventory of potentially grandfathered projects was prepared by the DEQ, final judgments are EPA's. Current policy is contained in Section 202(a)(1) of the Clean Water Act and 40 CFR 35.2152. The U.S. Environmental Protection Agency's remarks, published on February 17, 1984, state the result, and presumably the intent, that qualified grandfathered projects are clearly exceptions to the 55 percent grant program:

"The fact that an approved facilities plan describes a complete waste treatment system that includes a grandfathered phase or segment does not mean that the complete system is grandfathered. The description of the complete system is a planning tool to help put the proposed project in context."

Any subsequent modification in the inventory will alter project cost estimates and may, as a result, affect the number of projects expected to be funded during FY85. OAR 340-53-030 enables the Department to adjust the fundable portion of the list so that the state's general allotment is utilized by projects on a priority basis.

EPA's policy on funding the cost of reserve capacity is in 40 CFR 35.2123: (1) Briefly, if a grant for an interceptor segment was awarded prior to December 29, 1981, the remaining interceptor segments are funded with 40 years reserve capacity; (2) If a grant for a treatment facility or interceptor was awarded before October 1, 1984 (and the remaining segments were included in the approved facilities plan), the remaining segments may be funded for 20 years reserve capacity.

EPA's interpretation of the term "remaining segments" in the second example above determines whether several grandfathered projects will benefit. The current view is that the segments to be funded must have been a remaining unfunded portion of the treatment facility or the remaining unfunded portion of the interceptor. Therefore, an unfunded interceptor would not receive a 20-year reserve capacity if the prior grant was for a treatment facility.

- b. A new administrative rule, OAR 340-53-027, was proposed to utilize up to 20 percent of the state's annual allotment to fund projects that are eligible until October 1, 1985 but, as a consequence of the 1981 Construction Grants Amendments, will become ineligible after that date. Two respondents favored the proposed rule; one respondent supported the proposal as long as the benefitted projects would be eliminated if they fail to make reasonable progress. One respondent opposed the rule because it did not include all projects potentially benefitted by the state's discretionary authority. Another respondent opposed any use of the state's discretionary authority.

Response

Section 201(g)(1) of the Clean Water Act enables the states, using up to 20 percent of the allotment, to mitigate the impact of the changed eligibility on project types. Since a share of national appropriations to Oregon is determined in part on the state's reported eligible needs, any state discretion will divert funds from projects intended to benefit. Three respondents who will benefit from the rule favored it. One respondent opposed the rule; this respondent could benefit according to the statutory authority but would not benefit because of the added limitations that facilities planning substantially be completed by 1981.

The proposed administrative rule is intended only to extend the date at which the federal statutory classification of ineligible project types takes effect. The extension is proposed, in part, to achieve consistency with the Environmental Quality Commission's 1980 policy decision to delay the construction of projects that have lower priority, despite the fact that they had received grants for facility planning and were preparing to design. It is also more consistent with the assumptions applicants had when the facility plans were done. For facility planning initiated after December 27, 1981, other funding mechanisms for implementing these types of projects should have been addressed.

One respondent that opposed discretionary funding did so because of the assessment that "leaky sewers are better than no sewers at all". Except for one potentially benefitted recipient, these projects are for major sewer rehabilitation or replacement. Most of these sewers have structurally failed.

The proposed list of projects that would benefit from the Environmental Quality Commission's discretionary authority is Attachment D-3.

Procedural capabilities exist to ensure the progress of benefitted projects. According to OAR 340-53-035 (2), the Department is authorized to bypass any project that is not ready to proceed during the funding year. If the project is bypassed for two consecutive years, the Commission may remove it from the priority list. For projects not on the fundable portion of the priority list, the timing of the needed improvement is generally addressed through permit conditions or enforcement order.

Two changes were made in the proposed administrative rule. The appropriate rule section title and codification were changed from Establishment of Reserves, OAR 340-53-025(g), to Use of Discretionary Authority, OAR 340-53-027. This change improves the description of the rule. The term "general allotment" is changed to "annual allotment" consistent with the federal statute. In theory, this does increase the proposed maximum limitation on discretionary funds by \$970,000 annually, but since no additional projects are proposed to benefit, the change has no impact on project funding or scheduling.

- c. Two respondents opposed the adoption of a uniform federal share of 55 percent or less for all grants awarded after September 30, 1984.

Response

Section 203(a) of the Clean Water Act and 40 CFR 35.2152 (c) are interpreted as enabling states to adopt a uniform lower federal share for each segment funded after the state's decision. Potentially, this could vary the grant percentage among treatment works phases or segments of the same system, i.e., 75 percent segment funded before

October 1, 1984, and all segments regardless of grandfather status, at 55 percent after October 1. OAR 340-53-020(4) authorizes the Environmental Quality Commission to certify 50 percent grants.

No proposal is made at this time to reduce the federal share for projects funded after September 30, 1984. New phases and segments are estimated to receive 55 percent federal participation unless they qualify as grandfathered projects. Certain project types will become ineligible. The proposed rule for discretionary use of funds would continue funding consideration for six projects at 55 percent federal participation.

- d. Two respondents indicated that permit requirements should be related to the selection of projects for funding.

Response

Federal statute and regulations require that the priority list be developed on a water quality and public health improvement basis. In constructing the state priority list, the most significant factors are:

- (1) Project letter class, which establishes the water quality or public health need according to existing documentation and
- (2) Regulatory emphasis, which reflects the type of regulatory or enforcement action that is appropriate to the project.

Realistically, the potential difference in federal funding appropriations, federal eligibility limitations, and the variability in the number of projects that can be funded on a yearly basis prevent treating compliance objectives identical to the priorities established for this funding program. Grants for construction of projects are scheduled to achieve compliance objectives, where feasible. However, the major portion of construction expenditures needed to eliminate bypassing during critical times, to rehabilitate sewers, and to upgrade facilities and provide for future growth will occur independent of the assistance available through this program.

- e. Two respondents raised related objections concerning the entry of new projects at a high priority onto the annual priority list. One respondent cited the inadequacy of information included on the draft FY85 list regarding major projects sponsored by the City of Portland and the City of Gresham. (Pursuant to OAR 340-71-335, Portland and Gresham were required by July 1, 1984, to submit detailed plans, schedules, priorities, phasing, and financial mechanisms for providing sewerage services to unsewered areas of Multnomah County.)

Response

Presently neither federal regulations nor the state's administrative rules regarding management and development of the priority list limit the introduction of new projects or control the size or amount of funding for necessary projects. Priority evaluation is initiated at the request of an applicant or based on water quality sampling, monitoring, or sanitary surveys available to the Department; new information is routinely incorporated into the next public involvement process to develop the priority list. Until a project is actually scheduled for funding, the verification of water quality data is ongoing so that changed circumstances affecting priority are reevaluated. Throughout the facility planning process, adjustments in priority and eligibility are very possible. The benefit of the present management system is its concentrated effort to focus available funds on the projects or project segments that demonstrate the greatest water quality benefit. However, the volatility of the priority list, from year to year, is increased because of the incorporation of new needs, new data, and recent planning information.

Some states have structured their priority systems to avoid some of this volatility. The two most utilized tools are (1) cost limitations on the amount of funds that go to metropolitan areas and (2) "freezing" or restricting the list so that new project entries are not made. Cost limitations on a geographic or population basis are difficult to apportion, but several states have historically used this tool. For FY85, restricting all new entries to the list is being proposed by one large state. Restricting the entry of new projects offers one method of assuring a continuation of construction, especially where several large projects are being built in multiple phases. However, the restrictions generally do not provide for easy incorporation of new facility plans when they are completed.

Although significant amounts of groundwater quality data in the Portland and Gresham area were available at the time of distribution of the draft list, this information was admittedly less than we would have liked with respect to project construction. Critical project data was not submitted to the Department of Environmental Quality until June 26, 1984. In order to enter a project on the priority list, available project data must include (1) service area; (2) identification of existing population that is planned for immediate service; (3) cost estimates; (4) the relationship between capacity and location to various projects within the same treatment system; and (5) the relationship between the identified project and the water quality problem correction. Rather than await the submittal of project details, the draft priority list displayed the available data to describe the character of the anticipated new projects. A description of these projects is contained in Part 3 of this Attachment.

- f. One respondent, the Carmel-Foulweather Sanitary District, requested the Department's assistance in confirming the extent of public health problems from inadequate subsurface disposal systems. Another respondent, Benton County, representing the North Albany area, submitted data to assist in the reevaluation of groundwater pollution within the area.

Response

To the extent possible, staff assistance to these respondents will be provided during FY85 to gain information needed to assess these problems. See Part 3 of this Attachment.

- g. One respondent requested financial assistance to produce a facilities plan.

Response

Section 201 (1), (2), and (B) of the Clean Water Act enables a state to provide advances of allowances to a "potential grant applicant which is a small community and which in the judgment of the state would otherwise be unable to prepare a request for a grant for construction...". The present administrative rule authorizes advances to potential applicants who (1) are expected to apply for funding in the current year or one year thereafter, (2) have less than 25,000 population; and (3) demonstrate financial need for the advance. An estimated amount of funds are set aside annually for this purpose; however, only one applicant has received funds from this source.

The advance of allowance is not a loan. It is expected to defray a portion of the costs of facilities planning and design and is an advance against the prospective grant award. If a grant is not received in a timely way or when received, the amount of the actual allowance is less, the difference must be reimbursed to the grants program.

As a practical matter, the amount of the allowance which could be advanced depends upon the estimated construction cost of the project. Therefore, at least partial facilities planning information is necessary to determine the amount of advance.

Subsequent discussions with this respondent have concluded that facilities planning will be substantially funded with local funds. However, this project may be considered as a candidate for an advance for design during FY85.

- h. One respondent suggested that treatment systems operating for extended periods of time with interim improvements, but which have not yet received a federal construction grant, should receive funding prior to "second round" funding for other communities who have received grants.

Response

Section H.2.e. of the Appendix in the February 17, 1984, construction grant regulations states that U.S. EPA's current policy precludes providing grant assistance for replacement of treatment works that (1) failed before the expiration of their design life and (2) were originally funded from the Federal Water Pollution Control Act of 1956 and subsequent amendments. Prior to these regulations, U.S. EPA's policy allowed applicants to replace treatment works that failed, provided that an offset equal to the original value was credited against the second grant.

Since "second round" funding appears to be largely precluded by current regulations and it occurred in the past only after a financial adjustment was made in grant amounts, neither the management system or priority criteria has distinguished between first or second time recipients.

- (i) Two respondents urged that special consideration be given to projects that utilize alternative and/or innovative technology.

Response

In 1982, the Commission considered whether the priority criteria should provide an incentive for projects that utilize alternative and/or innovative technology and decided that changes were not needed to provide an incentive. Since the statutory requirement for these funds was established in 1977, Oregon has repeatedly committed all of the available technology funds, while maintaining that priority rating dominantly reflect water quality and public health concerns. To the limit of funds available in the reserves, qualifying projects will receive an added 10 or 20 percent grant share.

- j. One respondent provided information on subsurface sewage disposal failures occurring within and adjacent to a city that received a grant for correction of failures within a defined area where mandatory health hazard annexation area. The city received a construction grant in 1983. However, due to less than anticipated costs, some funds are remaining in the grant but are not committed. The city requests that the uncommitted funds be used to serve the new problem area.

Response

Since the applicant was awarded a grant to remedy a problem in a precisely defined area, limited by the boundaries of a health hazard annexation, the addition of service area is outside the scope of the present grant and therefore, not an appropriate candidate for a grant adjustment. No assessment or analysis of priority ranking was performed for this area in order to receive a new award.

While scope determinations of this nature often appear unduly restrictive, it is useful to review the context of the decision: 1) the facilities plan and environmental assessment did not indicate that the adjacent areas would be affected; 2) public opportunity to review the plan and its impacts, including financial, were not recognized by the adjacent area residents; 3) EPA concluded a Finding Of No Significant Impact on a very specifically defined area; and 4) since the facilities plan did not include these services, the restrictions of OAR 340-53-020(3), which preclude funding for collection sewers unless "a Step 1 grant for the project (was) certified prior to September 30, 1979," may apply.

Funds which were awarded for project costs that are not necessary due to low construction bids are recovered by DEQ and used to fund other projects in priority order.

2. Testimony Related to Project Priority Criteria

The City of Gresham requested that the regulatory emphasis criteria specifically provide a score of 130 points for cities acting under an EQC order to provide sewerage facilities to alleviate a threat to drinking water.

Response

A score of 130 points is assigned if a "project is necessary for immediate correction of a public health hazard through extraordinary measures such as: (1) Annexation or (2) Service district formation. Documentation required includes: (1) EQC order, or (2) Certification of Public Health Hazard by the Administrator of the Health Division pursuant to ORS 431.705 et seq. or 222.850 et seq."

Presently, Gresham's projects to serve adjacent unsewered areas are assigned a regulatory emphasis score of 90 points, due to sanitary survey information.

The EQC has not yet declared a "threat to drinking water" or required service to the unsewered area by a specified date, more is the rule prohibiting future installation of cesspools in effect at this time.

Gresham's testimony raised the questions as to whether the existing regulatory emphasis criteria relative to EQC Orders are adequate or whether staff should propose alternative criteria for FY86 to address unprecedented actions, such as the possible declaration of a "threat to drinking water." Several alternatives for future consideration include:

- a. Add language to the criterion for 120 points which specifies the type(s) of EQC Orders which warrant this score.
- b. Consider "threat to drinking water" findings and declaration a public health hazard warranting 130 points.

- c. Create a new regulatory emphasis category and point assignment for projects needed to resolve a declared "threat to drinking water" problem area.

No testimony was received regarding stream segment rank criteria or point assignments for specific projects. The application of surface water related stream segment points to more numerous project listings needed to abate groundwater pollution raises the issue that the stream segment rank criterion may need modification. Current practice for applying stream segment rank to projects which address groundwater pollution is to: (a) determine the surface water body known or likely to be affected by groundwater pollution, taking into consideration groundwater flow direction in shallow aquifers, or (b) determine the adjacent stream segment to a deep aquifer. Points assigned based on these determinations do not take into consideration the existing or potential use of the affected groundwater. Alternatives to remedy this situation for future consideration include:

- a. Adding a new groundwater points system to supplement the stream segment rank criterion. The groundwater point scores could be developed using criteria similar to those for determining necessary abatement controls for protection of aquifers as specified in the adopted Groundwater Protection Policy, OAR 340-41-092.
- b. Developing a new water body related ranking criterion for use in the priority classification system which recognizes beneficial uses of water, including observation of high quality waters for future and existing uses.

3. Testimony Related to Individual Project and Segment Classification and Ranking on the Draft FY85 Priority List

- a. Several respondents provided new information or requested reassessment priority ratings.
 - (1) Newberg requested the Eighth Street Pump Station project be included in the main grouping of Newberg projects assigned letter class B. They noted bypass conditions to Chehalem Creek due to hydraulic capacity limitations. DEQ conducted a survey of Chehalem Creek in late May 1984, after a rainstorm-induced bypass. Results showed bacterial water quality standards violations downstream and in the vicinity of the pump station. The frequency of bypass conditions during summer rainfall events justifies elevating this project to letter class B. DEQ has requested that the city post a warning advising the public of sewage contamination in the creek.
 - (2) Bear Creek Valley Sanitary Authority requested that DEQ reconsider the proposal to "downgrade" the priority rank of the Whetstone interceptor project and reinstate the priority letter class B assignment. They further requested that population emphasis points be changed to reflect a population of 2000.

Additional testimony and documentation show that the intent of BCVSA's sampling efforts in 1984 were to reverify on-site system failures and not to resurvey in-stream water quality in Whetstone Creek. Based on water quality data collected in 1980 and 1981, combined with the more recent sanitary survey data, on-site system failures do contribute to high fecal coliform values in Whetstone Creek. The project rank is reinstated as a letter class B. With respect to population emphasis points, the project ranking reflects priority point assignment for a population of 1800. This number was stated in the March 1984 facility plan as the current population by census tract in the study area.

- (3) Metropolitan Wastewater Management Commission questioned whether their Springfield project is correctly ranked. DEQ staff contends that the projects to eliminate excessive flows are correctly ranked as letter class C. The testimony does not provide any evidence that the project is needed to eliminate current bypassing conditions that affect water quality or beneficial uses. Instead, it appears that the project is needed to prevent possible future bypass conditions when peak flows resulting from future growth and critical storm-induced inflow and infiltration occur.
- (4) Philomath. Submittals from the City Administrator and Westech Engineering representing the City of Philomath requested: (a) a redefinition of projects to eliminate frequent sewage bypasses to Newton Creek and the Marys River, and (b) these projects be assigned a higher priority than the previously proposed projects identified to address the problems. DEQ conducted a water quality survey of Newton Creek in late May 1984. Results of that survey show bacterial water quality standards violation from sewage contamination in Newton Creek downstream of two bypass points.

Projects identified to eliminate bacterial standards violations in Newton Creek justify letter class B ranking. Because Newton Creek flows through the City Park and areas of easy access to the public, DEQ has ordered the city to post a warning advising the public of sewage contamination in the creek.

- (5) Tangent submitted additional water quality data on North Branch and North Lake Creek and their tributaries as they drain through the city to the Calapooya River. They requested reevaluation of its project priority ranking with respect to both letter class and regulatory emphasis. Staff review of the supplementary water quality data show that bacterial water quality standards are violated in North Lake Creek due to surfacing and direct discharges of sewage from inadequate on-site sewage disposal systems in the southern area of Tangent. These conditions warrant assigning letter class B to those projects which address these problems. Currently a project which serves the entire city is identified on the list. Upon completion of a

facility plan that meets federal requirements, those project segments which do not address the problem area in south Tangent may be reevaluated.

Relative to the request for 130 regulatory emphasis points based on the issuance of a Stipulated and Final Order in October 1983, staff contend that: (a) compliance measures stipulated in the order were written in lieu of issuing a permit and (b) the project does not address the correction of a certified public health hazard through extraordinary measures such as annexation or service district formation as specified in the regulatory emphasis criteria for 130 points. Therefore, the assignment of 90 regulatory emphasis points, based on sanitary survey results, is appropriate.

- (6) North Albany County Service District Over the past six months, Benton County has submitted water quality survey data and supplementary information in an effort to document the need for a higher priority ranking of the following proposed interceptor projects:

- (a) N. Albany C.S.D. Area 2A Interceptor
- (b) N. Albany C.S.D. Area 1, 2, 3, & 4 Hickory PS/FM
- (c) N. Albany C.S.D. Area 1, 2, 4 Sp. Hill Dr. Int.
- (d) N. Albany C.S.D. Area 2 N. Alb. Rd. Int.

Conclusions drawn from staff evaluation of the data are:

- (a) The 78 percent on-site sewage disposal system failure rate in Area IIA and resulting surfacing sewage and contamination of roadside ditches pose a potential threat to public health. The Department encourages the service district to address this public health concern in a responsible manner. However, because the instream water quality data collected from Thorton Lake, Crocker Creek and unnamed permanent drainages to the Willamette River do not conclusively demonstrate water quality standards violations or instream beneficial use impairment (the criteria upon which a higher letter class must be based for federal sewerage works construction grants), the priority of the Area 2A Interceptor project cannot be elevated from letter class C at this time.
- (b) There is an indication that groundwater contamination from sewage may be occurring in the unconfined alluvial aquifer underlying Areas III and IV. At this time there is insufficient water quality data and information to (a) verify the extent or severity of groundwater contamination, (b) determine the specific sources of such contamination and, (c) evaluate the aquifer with respect to its geology and hydraulic characteristics such as flow direction and rate of flow and recharge.

To address public concern and verify the need for sewerage projects, the Department proposes to assist the appropriate local jurisdiction in planning and executing a groundwater study of the North Albany aquifer. This study can be initiated by the Department in October 1984. It is expected that the results of this study will be incorporated into the construction project classification reviews for preparing the FY86 priority list.

(7) Gresham and Portland

For over ten years the Department has been concerned about groundwater pollution from the use of cesspools for sewage disposal in Mid-Multnomah County. Water quality data for wells in the area indicate high levels of nitrate-nitrogen and trace levels of several organic solvents (degreasers) have been detected in some wells.

In 1980, the EQC approved the Multnomah County East County Groundwater Plan. Projects identified in that plan for eliminating the use of cesspools were prioritized under letter class B. It was recognized by the Department that these proposed projects were only the initial increment to resolving groundwater pollution in Mid-Multnomah County.

A final administrative rule adopted in April 1982, required the appropriate jurisdictions to submit to the Department by July 1, 1984, detailed plans, scheduling, priorities, phasing, and financing mechanisms for sewerage the entire cesspool area contributing to groundwater pollution.

On June 27, 1984, the governing bodies of Gresham, Portland and the Multnomah County Central Service District No. 3 passed resolutions which adopt sewerage facility plans that identify projects needed to eliminate cesspools in the affected area. These resolutions define the service boundaries of each jurisdiction and the affected area needing sewerage systems to abate pollution of the groundwater aquifer. In response to these submittals, the priority evaluation of projects not previously included on the list are provided below. Factors which influence priority, such as the expected rate of service, will not be finalized until after the Environmental Quality Commission completes its proceedings to evaluate the threat to drinking water and appropriate corrective actions. In addition, a discussion of previously listed projects, as they relate to the groundwater pollution problem in Mid-Multnomah County, is presented.

Gresham. Six projects needed to minimize or eliminate documented groundwater pollution are categorized in letter class B as follows:

- Stark St. Interceptor - Identified in Gresham's Sewer Master Plan as needed to serve the unsewered area on cesspools in Subarea IV. The population estimated to be served within 5 years of start of the project is 960.
- Glisan Street Trunk - Identified as needed to serve the unsewered area on cesspools in Subarea V. The population estimated to be served within 5 years of the start of this project is 690.
- 175th/176th Ave. Trunk - Identified as needed to directly serve the unsewered area on cesspools in Subarea IV. The population estimated to be served within 5 years of the start of this project is 640.
- 182nd Ave. Trunk - Identified as needed to serve the unsewered area on cesspools in Subareas VII and IX. The population estimated to be served within 5 years of the start of this project is 260.
- Division St. Trunk - Identified as needed to serve the unsewered area on cesspools in Subarea VIII. The population estimated to be served within 5 years of the start of this project is 330.
- W. Johnson Creek - Identified as needed to serve the unsewered area on cesspools in Subarea IV. The population estimated to be served within 5 years of the start of this project is 60.

Each of the projects identified above have been assigned 90 regulatory emphasis points because the potential exists for regulatory action based on information identified by a DEQ sanitary survey. Although OAR 340-71-335, Cesspools and Seepage Pits, contains a statement (2)(a)(A) prohibiting the future installation of cesspools after January 1, 1985, another statement in the rule, (2)(a)(C), states that the prohibition in (2)(a)(A) shall not become effective until January 1, 1985. Thus, 120 points, which would represent an EQC rule that restricts issuance of subsurface disposal permits for a specific geographic area, is not applicable at this time.

Gresham's recent facility plan identifies a STP improvement project which has been segmented into two components. The previous listing of an STP Improvement project has been modified as explained below:

STP Improvements and -
Solids Handling

Gresham requested the priority of its STP improvement project be raised on the basis that it is needed to: (a) insure compliance with their permit, and (b) serve those areas within Gresham's jurisdiction on cesspools that are polluting groundwater in Mid-Multnomah County. They state that Gresham's STP must be expanded before connection of the cesspool areas can be allowed to the collection systems. They further note that 4,769 equivalent residential units of capacity are reserved for property owners who financially participated in the 1979-80 treatment plant expansion. DEQ staff acknowledge Gresham's difficulties in meeting existing permit requirements and have appropriately categorized two projects for addressing system needs under letter class C. The question arises as to whether they are operationally dependent to the interceptor and trunk projects needed to eliminate areas on cesspools. Service to these areas will require a total additional 2.3 MGD capacity over the scheduled twenty-year implementation period.

An opinion from DEQ's legal counsel will be requested regarding the commitments for service by Gresham. In addition, since reserve capacity for future growth is ineligible for funding after Oct. 1, 1984, U.S. EPA will be asked to review the capacity issue. Finally, past precedence has been to consider those projects required to address a higher priority need within a five-year period as operationally dependent. Interceptor and trunk implementation schedules and the capacity needed to connect that population which will be served within five years must be evaluated. Clearly, careful coordination of interceptor and laterals construction with the provision of sufficient treatment plant capacity and solids handling are essential. The operational dependency, reserve capacity, and eligibility issues will be addressed as soon as possible, recognizing

Gresham's proposed STP expansion and solids handling projects construction schedules. The population emphasis points assigned to these two projects are based on: (a) the current population, (b) the population of the unsewered area not requiring trunks and interceptors to service, and (c) that population estimated to be served within five years of the start of the Stark Street Interceptor construction.

Portland The following project has been included on the list under Letter Class B.

S.E. 111th Interceptor- Identified as needed to serve a portion of the unsewered area on cesspools within the Johnson Creek subbasin. The population estimated to be served within 5 years of the start of this project is 2150.

The project identified above has been assigned 90 regulatory emphasis points because potential exists for regulatory action based on information identified by a DEQ sanitary survey. Although OAR 340-71-335, Cesspools and Seepage Pits, contains a statement (2)(a)(A) prohibiting the future installation of cesspools after January 1, 1985, another statement in the rule, (2)(a)(C), states that the prohibition in (2)(a)(A) shall not become effective until January 1, 1985. Thus, 120 points which would represent an EQC rule that restricts issuance of subsurface disposal permits for a specific geographic area, is not applicable at this time. They also have been assigned 48 stream segment points for Willamette Basin, Remaining Basin Streams since the groundwater flow of the affected area is to the Columbia River.

S.E. Relief Sewer - Portland identifies construction of the remaining two phases of the SE Relief sewer as required to service the area on cesspools within the Johnson Creek subbasin. In the past these projects appeared on the priority list under letter class C based on their need to

eliminate winter-time bypasses to the Willamette River. On the FY85 priority list they appear as operationally dependent to the SE 111th interceptors, but retain their priority classification and point score with the exception of population emphasis. The population emphasis point score is based on existing population within the city to be served by the relief sewer, plus that population in the Johnson Creek subbasin which is estimated to be connected to the interceptor within five years of the start of the relief sewer construction.

- (8) Monroe provided testimony noting Benton County's concerns about: (a) documented failing septic systems in an area adjacent to the original North Monroe health hazard annexation area and (b) at least six failing septic systems within the city limits. The county has mandated resolution of these problems and recommends extending the city's sewer system. Based on the information received, the Department has added a collection system project to the priority calculation list under letter class D, noting its need to eliminate water pollution from nonpoint sources where malfunctioning subsurface sewage disposal systems in developed areas are a contributing factor. If the permit is amended to require service to these areas, the priority would be elevated to letter class C. It should be recognized, however, that collection systems are ineligible for federal sewerage works construction grants.
- (9) Grants Pass requested the inclusion of projects identified in their June 1984 Facilities Plan and May 1983 Sewage Collection Master Plan which they recently submitted to the Department. Interceptor projects identified as required to handle existing overloads which cause occasional winter bypasses to the Rogue River and for which implementation is scheduled have been included on the FY85 priority list. These five projects are categorized under letter class C with 90 regulatory emphasis points since they are needed to assure compliance with permit conditions.

The treatment facilities project has been segmented into two projects, STP Expansion and Solids Handling, to reflect the difference in priority needs and scheduled implementation. The STP expansion is needed to serve growth and thus is prioritized under letter class E. The Solids Handling project is prioritized under letter class D since limitations with current sludge handling capabilities may be affecting treatment efficiency, though not to the extent that effluent limits of treated flows are violated.

Because the facilities plan has not yet been approved by DEQ, 50 regulatory emphasis points are assigned to each of these projects.

- (10) Tri City Service District requested that its West Linn-Willamette projects for conveying sewage flows from the area currently served by the Willamette STP to the Tri City Regional STP be ranked at the same priority as the highest ranked Tri City S.D. project in letter class B. Tri City S.D. considers the letter class C ranking for the West Linn Force Main and Tualatin Pump Station projects to be a deviation from the regional treatment plant concept required and approved by the DEQ, as well as a violation of commitment to the public of how their approved bond funds for local share were to be spent.

In 1980, the policies regarding the management of the sewerage works construction grants priority list included the approach for segmenting construction projects into components and prioritizing each separately under the adopted letter class criteria. This was initiated to spread limited federal dollars to projects which address the most critical water quality problems and result in the greatest water quality benefit. This practice has been consistently applied to all projects and has resulted in federal funding for critical project segments for a larger number of communities. The consequences of this policy to communities who passed bond measures before and around 1980 are recognized. Such communities must find alternative sources of funding or accept delays in federal funding of remaining improvements. In this case, in order to secure the initial federal grant for the Tri City S. D. plant, the District was required by U.S. EPA to commit to fund this interceptor, on a specified schedule, regardless of federal grant assistance.

DEQ's response to a request for raising the priority of Tri City S. D. Willamette projects last year was that the projects are needed to insure treatment capability within the effluent standards established in West Linn Willamette's NPDES permit. Therefore these projects were appropriately categorized under letter class C. Since that time, no additional water quality data has been collected or submitted to qualify the projects for a letter class B priority.

- (11) Clackamas County Sanitary District requested that the Kellogg Plant Digesters project be elevated to letter class B because: a) the 1968 predesign report for the district, which provided the basis for the plant construction, included digesters, b) the Kellogg plant sludge hauling to the City of Portland's Columbia Blvd. STP was considered an interim plan until a permanent regional plan was approved, c) several plans including the Tri City S.D. facilities plan have identified sludge management and disposal projects for the Kellogg STP, and d) ten years since the

start-up of the Kellogg STP, sludge is still being hauled six days a week to the Columbia Blvd. STP. Clackamas County Service District believes continuation of the hauling program could lead to a health hazard situation.

The letter class C category recognizes that the interim sludge hauling program is not an acceptable long-range alternative. A higher letter class requires documentation that the project is needed to address water quality problems. It should be noted that other projects on the list which are needed to eliminate existing public health problems where impacts on water quality cannot be demonstrated are categorized under letter class D or C, as well.

- (12) Huntington noted that they have a serious plant and I/I problem and asked why their project had been deleted from the list. Discussions with DEQ regional staff reveal that Huntington's sewer system is combined. Separation of combined sewers are not eligible for federal funding and therefore their entry does not appear on the eligible portion of the list. Upon the City's completion of a facility plan, needed projects which are eligible, such as STP improvements, interceptors, and I/I correction, will be evaluated and placed on the list.

Inventory of Potentially Grandfathered Projects

<u>Grant Number</u>	<u>Name</u>	<u>Segment</u>
C410 0604-02	Clackamas Co. S.D. 1	Kellogg Sludge
0342-02	Portland S.E. Relief	Int. P3
0342-02	Portland S.E. Relief	Int. P4
0624-17	MWMC	Sludge P2
0493-10	Tri-City S.D.	West Linn Rvr. St. Int.
0624-18	MWMC	Springfield Infiltration/Inflow*
0493-11	Tri-City S.D.	Gladstone F.M.
0493-15	Tri-City S.D.	W. Linn F.M.
0559-04	Lincoln City	P.S. P2
0681-02	Seaside	P.S. 1A

NOTE: AS OF OCTOBER 8, 1984, THIS LIST IS STILL TENTATIVE.
A FINAL DETERMINATION BY THE ENVIRONMENTAL PROTECTION
AGENCY IS EXPECTED IN THE NEAR FUTURE.

* This does not include construction of any sewer line replacement; it is only the portion for the construction needed for infiltration/inflow correction.

WT114
July 19, 1984

List of Ineligible Projects Affected by the Use of Discretionary Authority

Discretionary Funding for Ineligible FY85 Projects

The discretionary eligibility proposed in OAR 340-53-027 would continue funding potential for several projects that would otherwise not be fundable after September 30, 1984. The projects noted as discretionary had substantially completed facility plans, according to the Department of Environmental Quality records, prior to the 1981 Construction Grant Amendments:

C410-0693-03	RUSA/Sewer Rehab	Discretionary
0520-02	North Bend/Sewer Rehab	Discretionary
0520-03	North Bend/CSO	Discretionary
0493-09	Tri-City S.D./Sewer Rehab	Discretionary
0624-18	MWMC/Sewer Rehab	Discretionary
0506-03	Sheridan/Sewer Rehab	Discretionary
0668-01	Corvallis/CSO	Ineligible
0661-01	Grants Pass/Sewer Rehab	Ineligible
0533-03	Florence/Sewer Rehab	Ineligible
0597-02	Yoncalla/Sewer Rehab	Ineligible
0696-01	Huntington/CSO	Ineligible

NOTE: AS OF OCTOBER 8, 1984, THIS LIST IS STILL TENTATIVE.
A FINAL DETERMINATION BY THE ENVIRONMENTAL PROTECTION
AGENCY IS EXPECTED IN THE NEAR FUTURE.

WT113
July 18, 1984

TECHNICAL CORRECTIONS TO THE FY85 PRIORITY LIST

The following corrections were made to produce the recommended priority list, as a result of testimony discussed in Attachment A or from administrative corrections. They are listed according to the relative ranking the project was given on the draft priority list distributed on May 17, 1984.

GRANTEE/PROJECT	TECHNICAL CORRECTION	COMMENT
Eugene/ River Road - Santa Clara	Costs for both projects increased from \$6.136 million to \$8.86 million.	Update costs
Newberg/ 8th Street FM	Project letter class changed from C to B.	New stream survey data*
Tangent/System	Project letter class changed from C to B.	Sampling information provided by City*
Philomath/ STP Imp; Newton Creek FM; Pump Station; Int	Redefined project entries; Letter class changed from C to B.	New stream survey data*
Gresham/ Glison St. Int; 182nd Ave. Int; Stark St. Trunk; Solids handling; 175/176 Ave. Int; Division St. Int; W. Johnson Cr. Int	New Entries	Recent information supplied by City*
Gresham/ STP Imp	Cost changed from \$3.850 million to \$1.53 million; Existing population initially served changed from 40,275 to 41,275.	Recent information supplied by City*
BCVSA, Whetstone Int/PS	Project class changed from C to B; Project population from 1,400 to 1,800.	Clarification of information*
Portland/S.E. 111th Int	New entry	Recent information supplied by City*
Portland/S.E. Relief Int, Phases 3 and 4	Made operationally dependent to Portland S.E. 111th Int project.	Recent information supplied by City*
S.W. Lincoln Sanitary District/System	Community/Area changed to Lincoln Co./S.W. area.	Dissolution of district
MWMC/Springfield Rehabilitation, Phase 2	Project redefined into Phase 2 Rehabilitation and Infiltration/ Inflow Correction. Project grant amounts distinguished: \$.810 million for I/I and \$.132 million for sewer replacement/ rehabilitation.	Recent information supplied by City*

GRANTEE/PROJECT	TECHNICAL CORRECTION	COMMENT
Grants Pass/ North Int; Pine St. Int (P1); Seventh St. Int; Greenwood Int; Solids Handling; STP Exp	Entries added; I/I correction deleted.	Recent information supplied by City*
MWMC/STP (P7)	Entry deleted	Certified for FY84 EPA grant
Tri City SD/STP (P4); Will Int 1 A; Oregon City Int; River St. FM	Entries deleted	Certified for FY84 EPA grant
Portland/Columbia Blvd. Relief Int	Entry deleted	Request by City
Alsea C.S.D./System	Entry deleted	Project funded by Community Development Block Grant
Odell S.D./STP Exp	Entry deleted	Project locally funded
Stanfield/ STP Imp; Sewer Rehabilitation	Entries deleted	Projects funded by Community Development Block Grant
Scio/ STP Imp; Southside Pump Station; I/I Correction	Entries deleted	Projects funded by Community Development Block Grant
Corvallis/CSO	Entry deleted	Ineligible after 9/30/84**
Grants Pass/ Rehabilitation	Entry deleted	Ineligible after 9/30/84**
Florence/ Rehabilitation	Entry deleted	Ineligible after 9/30/84**
Yoncalla/ Rehabilitation	Entry deleted	Ineligible after 9/30.84**
Huntington/CSO	Entry deleted	Ineligible after 9/30/84**
Redmond/STP Exp	Entry deleted	Project being constructed with local funds

* Designates project information gathered, in part, from facilities plans which have not been reviewed. Until plan approval by EPA. these changes are tentative.

** These projects are deleted, in accordance with proposed OAR 340-53-027.



Environmental Quality Commission

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522 SOUTHWEST 5th AVENUE, PORTLAND, OR 97204 PHONE (503) 229-5696

MEMORANDUM

To: Environmental Quality Commission

From: Director

Subject: Agenda Item No. I, September 14, 1984, EQC Meeting

Request for Language Amendments to Administrative Rule
340-53-027, Development and Management of the Statewide
Sewerage Works Construction Grants Priority List.

Background

At the August 10, 1984, EQC meeting, in Pendleton, the Commission adopted the FY85 Federal Sewerage Works Construction Grant Priority List together with a new rule (Attachment A) which exercises discretion to allow selected projects to be funded that were substantially planned prior to December 29, 1981, and would otherwise become ineligible for a grant on October 1, 1984.

In the process of preparing the rule for filing with the Secretary of State, we concluded that a word had been omitted which could preclude funding of the intended projects. Filing was held up in order to allow for adoption of a corrected version.

Discussion and Evaluation

Discussion in staff reports, and the record of the hearing adequately addressed the intended result of the proposed rule. Projects impacted were listed in an attachment to the staff report at the August 10 meeting.

The rule should have read "The Director may at the Director's discretion utilize up to twenty (20) percent of the annual allotment for replacement or major rehabilitation of existing sewer systems or elimination of combined sewer overflows provided: ..." The words "replacement or" were not included in the version adopted by the Commission in Pendleton.

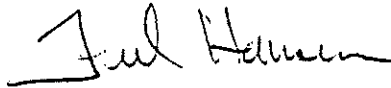
Addition of the words "replacement or" does not modify the priority list or change the projects intended to be funded as reflected in the August 10 EQC Agenda Item.

Summation

1. A change is needed in the wording of proposed OAR 340-53-027 to replace "rehabilitation of existing sewer systems" with "replacement or major rehabilitation of existing sewer systems."
2. The revised wording is consistent with staff proposals, the record of public hearing, and analysis conducted during preparation of the FY85 priority list.

Director's Recommendation

Based on the summation, the Director recommends that the Commission re-adopt OAR 340-53-027 as revised in Attachment B.



Fred Hansen

Attachments: 2

- A. OAR 340-53-027 as adopted on August 10, 1984
- B. Proposed Rule, OAR 340-53-027

Robert T. Evans:lt
WL3607
229-5257
August 22, 1984

340-53-027 (As Adopted August 10, 1984)

USE OF DISCRETIONARY AUTHORITY

- (1) The Director may at the Director's discretion utilize up to twenty (20) percent of the annual allotment for major rehabilitation of existing sewer systems or elimination of combined sewer overflows provided:
 - (a) The project is on the fundable portion of the state's current year priority list and;
 - (b) The project meets the enforceable requirements of the Clean Water Act and;
 - (c) Planning for the proposed project was complete or substantially complete on December 29, 1981.

BJS:t
WT128
8-22-84

340-53-027 (Revised Proposal)

USE OF DISCRETIONARY AUTHORITY

(1) The Director may at the Director's discretion utilize up to twenty (20) percent of the annual allotment for replacement or major rehabilitation of existing sewer systems or elimination of combined sewer overflows provided:

(a) The project is on the fundable portion of the state's current year priority list and:

(b) The project meets the enforceable requirements of the Clean Water Act and:

(c) Planning for the proposed project was complete or substantially complete on December 29, 1981.

NOTE: THIS CHANGE IN WORDING WAS SUBSTITUTED AT THE AUGUST 10, 1984 MEETING FOR LANGUAGE AND THE ENVIRONMENTAL QUALITY COMMISSION ADOPTED THIS SUBSTITUTE LANGUAGE ON SEPTEMBER 14, 1984.

BJS:tl
WT128.A
8-22-84

FINAL MUNICIPAL WASTE WATER TREATMENT WORKS CONSTRUCTION GRANTS FY85 PRIORITY LIST

Federal regulations governing the Municipal Waste Water Treatment Works Construction Grants Program require that grants be awarded from an approved statewide priority list. The FY85 priority list is intended to satisfy those requirements and was developed in accordance with OAR 340-53-005 et seq., Development and Management of the Statewide Sewerage Works Construction Grants Priority List. These rules specify that the FY85 list shows separate priority rating points for each component or segment of the proposed treatment works based on priority criteria, unless components or segments were operationally dependent upon other components or segments. In the latter case, the higher priority ranking would be given to operationally dependent units.

The priority list includes all known projects potentially eligible for a grant and the estimated grant amount. The estimated target certification date is also given in cases where the potential applicant has submitted a schedule that demonstrates when a completed application could be made.

Funding Assumptions

1. Projects which are still scheduled for available FY84 funding are targeted for FY84.
2. The national authorization for FY83-85 is \$2.4 billion annually. If the full authorization were received for FY85, Oregon would receive \$27.636 million.
3. The \$27.64 million in FY85 funds would be separated into the following reserves:

	Million \$
General Allotment (83% minus \$150,000)	22.787
Reserve for Grant Increases (5%)	1.382
Small Community Alternative Reserve (4%)	1.105
Innovative/Alternative Reserve (4%)	1.105
Steps 1 and 2 Advance Reserve (Up to 10%; \$50,000 Estimate)	.050
Reserve for Water Quality Management (Up to \$276,000; \$100,000 Estimate)	.100
Reserve for State Management Assistance (4% of Auth.)	1.105

4. No projects will be scheduled on the priority list for the reserve for Step 1 and 2 grant advances. Potential recipients of these funds may make application to the DEQ to the extent that funds are available under OAR 340-53-025. Refer to the priority points calculation list to determine the relative priority rating of these projects.
5. Several projects are designated as contingency projects. They will be moved onto the fundable list during FY85 should funds become available. Contingency project designation for FY85 does not assure that the project will become fundable in the following year; priority ranking will govern the subsequent year's fundable list.
6. Due to the potential for cost changes on the large number of projects yet to complete facilities planning during FY85, a portion of the general allotment will remain uncommitted during the early months of the year. As cost estimates are refined, projects from the contingency list will be added to the fundable list. Contingency projects are designated "CP" on the final list.

Scheduling Assumptions

1. Projects are scheduled to utilize the general allotment funds available each year, according to priority ranking order.
2. Step 2 plus 3 or Step 3 projects for small communities utilizing alternative technology were scheduled according to the funds available in a special reserve and in accordance with the priority ranking for projects known to be eligible for that reserve.
3. When a project could not be fully funded in a given year, it was scheduled for two or more years.
4. The priority list shows projects which may be funded during a five year period if funds are available at an assumed rate. FY85 is the last year for which funds are currently authorized under the Clean Water Act.
5. No project is scheduled to receive funding during FY85 unless the applicant has submitted a planning and design schedule which demonstrates that the application will be ready for certification by the Department. See OAR 340-53-015(3)(g) and (h).

Other Assumptions

1. If actual appropriations differ from the "funding assumptions", more or fewer projects may be certified in a given year without additional public hearing or initiation of bypass procedures. See OAR 340-53-015(3)(h). Projects will be added or deleted from the fundable list according to priority, assuming the planning and design schedules were submitted prior to adoption of the FY85 priority list.
2. If federal eligibility criteria is modified, appropriate deletions can be made without priority list modification or bypass. WHEN RESERVE CAPACITY FUNDING IS ELIMINATED FOR APPROPRIATE PROJECTS, PROJECT COST ESTIMATES MAY BE REDUCED.
3. Minor modifications as a result of updated project information can be made to the list without additional public hearing.
4. Beginning in FY85, new projects will be funded at 55% grant participation. Projects which are "grandfathered" to continue at 75% funding are not affected by the decrease in grant share; however, please note that the projects expected to qualify will be determined by EPA prior to September 30, 1984. Where projects are estimated to qualify for "grandfather" consideration, they are scheduled for funding in FY85 or thereafter, and an asterisk has been placed next to the grant amount to indicate 75% funding.

BJS:lt
WL1592
7/17/84

STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
1	TRI CITY SD	REGIONAL	STP P5	049308	3	FY 84	06/85	331*					B 232.55
2	NEWBERG	CITY	STP IMP/P2 SLUDGE COMP.	049403	3	FY 84	10/84	5,386*					B 201.57
				049403	3	FY 84	10/84	3,722*		496			B 201.57
3	SALEM	PRINGLE CREEK	INTERCEPTOR	064601	3	FY 86	07/86	1,375					B 199.71
4	NEWBERG	CITY	8TH ST FM	049404	3	FY 86	10/85	109					B 198.40
5	COOS BAY NO.1	CITY	STP IMP	062801	3		10/85	696					B 187.91
6	NORTH BEND	CITY	SEWER REHAB II CORRECTION PUMP STATION	052002	3	FY 85	08/85	291					B 186.98
				052002	3		10/85	291					B 184.98
				052002	3		10/85	31					B 184.98
7	COOS BAY NO.1	CITY	II CORRECTION	062802	3		10/85	1,573					B 184.91
8	ROSEBURG U.S.A.	ROSEBURG CITY	SEWER REHAB	069303	3	FY 86	08/86	1,234					B 184.84
9	MULTNOMAH CO	INVERNESS	N.E. 122ND INT	042601	3	FY 85	08/85	1,514					B 182.00
10	MULTNOMAH CO	INVERNESS	CHERRY PARK INT	042602	3	FY 85	08/85	1,492					B 181.27
11	NORTH BEND	CITY	CSO	052003	3	FY 85	08/85	685					B 180.98
12	ASTORIA	WILLIAMSPORT	INTERCEPTOR	061902	3	FY 85	06/85	402					B 178.60
13	LAPINE S.D.	DISTRICT	SYSTEM	053601	4	FY 85	04/85	358					B 172.20
14	FALLS CITY	AREA 2	SYSTEM	044901	3	FY 86	10/85		385	70			B 167.14
15	PHILOMATH	CITY	STP IMP	062001	3	FY 85	07/85	465					B 166.21
	NEWTON CREEK		FORCE MAIN	062001	3	FY 85	07/85	144					B 164.21
			PUMP STATION	062001	3	FY 85	07/85	91					B 164.21
			INTERCEPTOR	062001	3	FY 85	07/85	106					B 164.21

NOTE: 1) AN ASTERISK AFTER THE FUND AMOUNT INDICATES 75% FUNDING 2) ALL DOLLAR AMOUNTS ARE IN THOUSANDS OF DOLLARS

STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	CITY	AREA	COMPONENT	PROJECT NUMBER	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV. TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
16	TANGENT			SYSTEM	047101	3 FY 85	08/85	825					B 162.42
17	PORTLAND			INTERCEPTOR	034204	3 FY 87	08/87	6,050					B 150.66
			SOUTHEAST 111TH	INTERCEPTOR P3	034202	3 FY 86	10/85	9,200*					C 201.29
			SOUTHEAST RLVG	INTERCEPTOR P4	034203	3 FY 87	10/86	3,200*					C 201.29
18	HAPPY VALLEY			INTERCEPTOR	056702	3	10/85	635					B 150.34
19	GRESHAM			INTERCEPTOR	069503	3 FY 86	04/86	245					B 149.96
20	GRESHAM			INTERCEPTOR	069504	3 FY 87	10/86	191					B 149.68
21	GRESHAM			INTERCEPTOR	069505	3 FY 87	03/87	398					B 149.61
22	GRESHAM			INTERCEPTORS	069507	3 FY 88	03/88	307					B 149.04
23	GRESHAM			INTERCEPTOR	069506	3 FY 87	10/86	393					B 148.83
24	9CVSA			INT/PS/FM	060701	3 FY 85	03/85	806					B 148.51
25	GRESHAM			INTERCEPTOR	069508	3 FY 88	03/88	145					B 147.56
26	CLACK. CO SD #1			INT/PS	052601	3 FY 85	08/85	156					B 139.08
27	LINCOLN CO.			SYSTEM	053701	3	10/85	495					B 138.62
28	MT ANGEL			STP IMP	058802	3	10/85	106					C 248.92
29	MT ANGEL			II CORRECTION	058803	3	10/85	107					C 245.92
30	SOUTH SUB. S.D. DISTRICT			STP IMP	066701	3	10/85	470					C 234.53

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STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
31	TRI CITY SD	REGIONAL	SEWER REHAB	049309	3	FY 85	03/85	570				C 231.55
32	ELGIN	CITY	STP IMP	047202	3		10/85	259				C 227.77
33	ELGIN	CITY	II CORRECTION	047203	3		10/85	90				C 226.81
34	CARLTON	CITY	STP IMP	061502	3		10/85	431				C 222.93
35	BAKER	CITY	STP IMP	043102	3		10/85	2,354	856			C 216.87
36	VERNONIA	CITY	STP IMP	063101	3		10/85	468				C 205.06
(CP) 37	CLACKAMAS CO	KELLOGG	SLUDGE DIGEST	060402	3	FY 84	10/86	2,970*				C 202.56
38	MWMC	REGIONAL	SLUDGE P2	062417	3	FY 86	10/86	7,369*	983			C 201.51
39	TRI CITY SD	WEST LINN	RIVER ST INT	049310	3		10/86	665*				C 199.80
(CP) 40	MWMC	SPRINGFIELD	SEWER REHAB	062418	3	FY 85	10/86	132				C 199.43
(CP) 41	TRI CITY SD	GLADSTONE	FORCE MAIN	049311	3	FY 85	10/86	162*				C 199.39
(CP) 42	TRI CITY SD	GLADSTONE	INTERCEPTOR	049312	3	FY 85	10/86	104				C 199.39
(CP) 43	TRI CITY SD	OREGON CITY	ABERNETHY INT	049313	3	FY 85	10/86	631				C 199.08
(CP) 44	TRI CITY SD	OREGON CITY	NEWELL INT	049314	3	FY 85	10/86	564				C 198.76
(CP) 45	TRI CITY SD	WEST LINN-WILLA	TUALATIN PS	049315	3	FY 85	10/86	941*				C 198.54
(CP)			WEST LINN FM	049315	3	FY 85	10/86	817*				C 198.54
46	USA	GASTON	INTERCEPTOR	057502	3		10/86	667				C 197.73

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STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

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RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM- FUND	ALT- TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
47	WMC	SPRINGFIELD	II CORRECTION	062418	3	FY 85	10/87	810*					C 197.43
48	KEIZER	CITY	INTERCEPTOR	070101	3		10/87	83					C 195.01
49	SHERIDAN	SOUTH SIDE	SEWER REHAB	050603	3		10/87	35					C 193.91
50	CRESWELL	CITY	INTERCEPTOR	051302	3		10/87	65					C 193.69
51	N. ALBANY C.S.D AREA 2A		INTERCEPTOR	069401	3		10/87	313					C 193.13
52	SHERIDAN	SOUTH SIDE	II CORRECTION	050604	3		10/87	103					C 191.91
53	CARLTON	CITY	II CORRECTION	061503	3		10/87	81					C 189.93
54	OAKRIDGE	CITY	STP IMP	051402	3		10/87	560					C 178.00
55	LOWELL	CITY	STP IMP	057302	3		10/87	138					C 176.42
56	LOWELL	CITY	II CORRECTION	057303	3		10/87	109					C 175.42
57	OAKRIDGE	CITY	II CORRECTION	051403	3		10/87	72					C 175.00
58	ESTACADA	CITY	STP IMP	059402	3	FY 85	10/87	536					C 174.61
59	KLAMATH FALLS	REGIONAL	STP EXPANSION	051604	3		10/87	411					C 174.52
60	ESTACADA	CITY	II CORRECTION	059403	3	FY 85	10/87	74					C 171.61
61	KLAMATH FALLS	REGIONAL	II CORRECTION	051605	3		10/87	264					C 171.52
62	STANFIELD	CITY	II CORRECTION	056502	3		10/87	6					C 170.75

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STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
63	DALLAS	CITY	II CORRECTION	059202	3		10/87	150					C 168.82
64	MADRAS	FRINGE AREA	INTERCEPTOR COLLECTION	057902 057903	3 3		10/87 10/87	297 1,380					C 168.40 C 163.40
65	KLAMATH FALLS	PELICAN CITY	INTERCEPTOR	051606	3		10/87	374					C 167.70
66	GRANTS PASS	NORTH	INTERCEPTOR	066102	3		10/87	62					C 163.86
67	GRANTS PASS	PINE ST	INT PHASE 1	066103	3		10/87	204					C 163.71
68	GRANTS PASS	SEVENTH ST	INTERCEPTOR	066104	3		10/87	200					C 163.58
69	GRANTS PASS	GREENWOOD	INTERCEPTOR	066105	3		10/87	121					C 162.59
70	MONROE	CITY	STP IMP	056904	3		10/87	108					C 160.32
71	FLORENCE	CITY	STP IMP	053302	3		10/87	1,419					C 159.48
72	GRESHAM	CITY	STP IMP	069501	3	FY 85	10/87	1,528					C 157.23
73	GRESHAM	CITY	SOLIDS HANDLING	069502	3		10/87	2,494					C 157.23
74	FLORENCE	CITY	II CORRECTION	053303	3		10/87	101					C 156.48
75	HOOD RIVER	WESTSIDE	INTERCEPTOR	057702	3		10/87	110					C 156.40
76	POWERS	CITY	STP IMP	070201	3		10/87	22					C 155.78
77	FLORENCE	HECETA BEACH	INTERCEPTOR COLLECTION	053305 053306	3 3		10/85 10/85	138	382	50 139			C 153.31 C 148.31

NOTE: 1) AN ASTERISK AFTER THE FUND AMOUNT INDICATES 75% FUNDING

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STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

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RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV. TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
78	USA	BANKS	INTERCEPTOR	057602	3		10/87	960					C 151.31
79	ENTERPRISE	CITY	STP IMP	055402	3		10/87	101					C 151.27
80	EAGLE POINT	CITY	INTERCEPTOR	042902	3		10/87	413					C 150.86
81	OAKLAND	CITY	STP IMP	061702	3		10/87	222					C 149.90
82	ENTERPRISE	CITY	II CORRECTION	055403	3		10/87	52					C 148.27
83	BROOKINGS	CITY	STP IMP	067201	3		10/87	358					C 147.09
84	RUFUS	CITY	STP IMP	068501	3		10/85		37	13			C 147.06
85	BROOKINGS	CITY	II CORRECTION	067202	3		10/87	200					C 144.09
86	ST HELENS	CITY	II CORRECTION	053902	3		10/87	750					C 142.97
87	ST HELENS	CITY	P. S. 1	053903	3		10/87	84					C 142.00
88	WARRENTON	CITY	II CORRECTION	069201	3		10/87	120					C 141.96
89	RAINIER	CITY	II CORRECTION	058602	3		10/87	584					C 141.61
90	HEPPNER	CITY	STP IMP	064801	3		10/87	737					C 140.48
91	LINCOLN CITY	CITY	INTERCEPTOR P2	055904	3		10/87	250*					C 140.15
92	NEWPORT	CITY	STP IMP	061802	3		10/87	880					C 139.84
93	KLAMATH CO	MODOC POINT	SYSTEM	046901	3		10/87	314					C 139.40

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STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
94	NEWPORT	CITY	II CORRECTION	061803	3		10/87	124					C 136.84
95	DUFUR	CITY	STP IMP	047302	3		10/87	183					C 135.56
96	JOSEPH	CITY	STP IMP	051902	3		10/87	231					C 133.96
97	ONTARIO	CITY	STP IMP	051801	3		10/87	481					C 133.90
98	DUFUR	CITY	II CORRECTION	047303	3		10/87	24					C 132.56
99	FOSSIL	CITY	STP IMP	065101	3		10/87	693					C 125.63
100	MILTON-FREEWATE	CITY	STP IMP INTERCEPTOR	058902 058903	3 3		10/87 10/87	715 281					C 125.33 C 121.33
101	IONE	CORE AREA	SYSTEM	058302	3		10/85	33	22	8			C 124.00
102	HALSEY	CITY	STP IMP	059501	3		10/87	636					C 113.72
103	ATHENA	CITY	STP IMP	063501	3		10/87	440					C 100.00
104	N. ALBANY C.S.D	AREA 1,2,3 &4	HICKORY PS/FM	069402	3		10/88	237					D 220.41
105	N. ALBANY C.S.D	AREA 1,2 &4	SP. HILL DR INT	069403	3		10/88	842					D 220.22
106	NEWBERG	CITY	RIVER RD INT	049405	3		10/88	55					D 199.19
107	NEWBERG	CITY	6TH ST REL SEW	049406	3		10/88	55					D 198.42
108	NEWBERG	CITY	HANCOCK REL SEW	049407	3		10/88	55					D 196.93
109	IRRIGON	CITY	SYSTEM	058202	4	FY 85	05/85	561	374	136			D 196.09

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STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP182 ADVANCE	PRIORITY POINTS
110	N. ALBANY C.S.D	AREA 3	N. ALB. RD INT	069404	3	10/88	215					D 189.01
111	TRI CITY S.D.	MYRTLE CREEK	STP IMP	067001	3	10/88	490					D 184.89
112	TRI CITY S.D.	MYRTLE CREEK	II CORRECTION	067002	3	10/88	73					D 181.89
113	BORING	AREA	SYSTEM	067401	3	10/88	275					D 173.85
114	WESTFIR	CITY	II CORRECTION	069701	3	10/88	550					D 172.70
115	GRANTS PASS	CITY	SOLIDS HANDLING	066106	3	10/88	2,126					D 167.14
116	USA	DURHAM	SLUDGE	037102	3	10/88	4,620					D 165.89
117	SODAVILLE	CITY	SYSTEM	066201	3	10/88	371					D 161.65
118	NORTH POWDER	CITY	STP IMP	056402	3	10/88	59					D 154.29
119	WALLOWA	CITY	STP IMP	067501	3	10/88	330					D 150.66
120	YONCALLA	CITY	STP IMP	059701	3	10/88	421					D 149.86
121	DOUGLAS CO	CAMAS VALLEY	SYSTEM	066601	3	10/88	440					D 148.35
122	SISTERS	CITY	SYSTEM	054102	3	10/85	550	770	280			D 147.81
123	YONCALLA	CITY	II CORRECTION	059703	3	10/88	17					D 146.86
124	SEASIDE	CITY	P.S. IMP	068105	3	10/88	113					D 145.70
125	OAKLAND	UNION GAP	INTERCEPTOR	061703	3	10/88	94					D 144.35

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STATE OF OREGON
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CONSTRUCTION GRANTS FINAL PRIORITY LIST

RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
126	NESKOWIN S.A.	DISTRICT	SYSTEM	060201	3		10/86	1,320	1,320	480			D 142.80
127	MILL CITY	CITY	SYSTEM	044701	3		10/88	512					D 141.73
128	JOSEPHINE CO	MERLIN/COL. V.	SYSTEM	045601	3		10/88	510					D 126.71
129	BURNS	CITY	STP IMP	065001	3		10/87		220	80			D 116.44
130	TURNER	CITY	INTERCEPTOR	044302	3		10/88	481					D 103.30
131	PILOT ROCK	CITY	STP IMP	067101	3		10/88	660					D 100.50
132	PRINEVILLE	CITY	STP IMP	064501	3		10/88	413					D 97.06
133	LANE CO	MAPLETON	SYSTEM	044201	3		10/88	523					D 67.83
134	USA	HILLSBORO	EFF DISPOSAL	068201	3		10/88	1,302		473			E 203.73
135	CRESWELL	CITY	STP IMP	051303	3		10/88	636					E 197.69
136	USA	HILLSBORO	CORNELIUS INT.	068202	3		10/88	455					E 191.73
137	DALLAS	CITY	STP EXPANSION	059204	3		10/88	1,053					E 171.82
138	VENETA	CITY	STP EXPANSION	066001	3		10/88	376					E 161.42
139	CORVALLIS	AIRPORT	STP EXPANSION	045801	3		10/88	330					E 153.09
140	ST HELENS	CITY	STP IMP	053904	3		10/88	95			10		E 145.97
141	WARRENTON	CITY	STP EXPANSION	069202	3		10/88	257					E 144.96

NOTE: 1) AN ASTERISK AFTER THE FUND AMOUNT INDICATES 75% FUNDING

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STATE OF OREGON
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CONSTRUCTION GRANTS FINAL PRIORITY LIST

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RANK	COMMUNITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
142	CARMEL-FOUL. SD DISTRICT		SYSTEM	054202	3		10/88	496					E 144.00
143	OAKLAND	DRIVERS VALLEY	INTERCEPTOR	061704	3		10/88	28					E 143.75
144	TWIN ROCKS	SAN DISTRICT	STP EXPANSION	064701	3		10/88	220					E 143.63
145	SEASIDE	N WAHENA RD	FORCE MAIN	068104	3		10/88	281					E 143.39
146	SEASIDE	S WAHENA RD	FORCE MAIN	068103	3		10/88	470					E 143.19
147	WARRENTON	HARBOR & ENSIGN	FORCE MAIN	069203	3		10/88	25					E 136.05
148	WARRENTON	MERLIN & SECOND	FORCE MAIN	069204	3		10/88	4					E 135.85
149	GRANTS PASS	CITY	STP EXP	066107	3		10/88	1,017					E 127.14
150	WALLOWA LAKE SA DISTRICT		SYSTEM	060101	3		10/88	330					E 110.67
151	ADAIR VILLAGE	CITY	STP IMP	067601	3		10/88	248					E 106.66
152	MARION CO	BROOKS	SYSTEM	063701	3		10/88	275					E 105.78
153	ALBANY	N.E. KNOXBUTTE	INTERCEPTOR	046001	3		10/88	523					E 102.27
154	MERRILL	CITY	STP EXPANSION	054001	3		10/88	495					E 91.91
155	LYONS-MEHAMA	REGIONAL	SYSTEM	067801	3		10/88	413					E 91.48
156	DETROIT	CITY	SYSTEM	047701	3		10/88	660					E 90.85
157	IDANHA	CITY	SYSTEM	067901	3		10/88	426					E 90.41

NOTE: 1) AN ASTERISK AFTER THE FUND AMOUNT INDICATES 75% FUNDING 2) ALL DOLLAR AMOUNTS ARE IN THOUSANDS OF DOLLARS

STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY
CONSTRUCTION GRANTS FINAL PRIORITY LIST

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RANK	COMMUNITY	CITY	AREA	COMPONENT	PROJECT NUMBER	STEP	READY TO PROCEED	TARGET CERT.	GENERAL FUND	SMALL COMM. FUND	ALT. TECH. FUND	INNOV. TECH. FUND	STEP1&2 ADVANCE	PRIORITY POINTS
158	GATES			SYSTEM	068001	3		10/88	359					E 90.22
159	SANDY			STP EXPANSION	055101	3		10/88	693					E 85.36
160	PHILOMATH	EAST		INTERCEPTOR	062003	3		10/88	55					E 70.16
161	SCAPPOOSE	CITY		STP EXPANSION	066301	3	FY 86	10/88	561					E 65.00
162	CORNELIUS	CITY		INTERCEPTOR	069901	3		10/88	220					E 63.38
163	CRESCENT S.D.	DISTRICT		SYSTEM	054601	3		10/87	66	122	44			E 56.08
164	GOLD BEACH	MYRTLE ACRES		INTERCEPTOR	069801	3		10/88	125					E 50.00

NOTE: 1) AN ASTERISK AFTER THE FUND AMOUNT INDICATES 75% FUNDING 2) ALL DOLLAR AMOUNTS ARE IN THOUSANDS OF DOLLARS

